● SUNDAY TIMES
business news

Nixon's package: stick without carrot

T DIDN'T WORK. The American administration had assumed that the rest of the world would revalue quietly and speedily. The import surcharge would then have been withdrawn, and no fundamental changes would have been required in American international financial policy. Instead what has happened is a hardening of attitudes against the US.

This is not primarily because of the contents of the US package—even though this is extremely protectionist and infringes international trading codes. Nor did anyone seriously imagine that dollar devaluation was avoidable for all time. The reaction came because the package was designed for internal consumption and was presented by the Nixon Administration in a way guaranteed to create the angriest of reactions abroad.

Yet the confusion could still have a happy ending: a currency realignment could come sooner rather than later; and the US trade restrictions could be lifted before they had triggered off any damaging trade war; more positively the dethronement of the dollar could give a further boost to the move away from gold and towards a supranational reserve unit like Special Drawing Rights.

Because the Nixon measures were designed for internal consumption, they took the form of a take-it-or-leave-it package. To the Nixon Administration it seemed inevitable that the rest of the world would do its duty by the dollar, and revalue appropriately, within a few days. So it saw no need to offer a positive carrot: it simply used the big stick, an import surcharge, and a tax inducement to US industry to buy American capital equipment. The only carrot was that the import surcharge would be removed once currencies had been altered.

Inevitably the proposals created a confrontation between the US and the rest of the capitalist world: less inevitably, the administration has spent much of the week interpreting the measures in as extreme a form as possible. No exemption, it became clear, was to be given to the Canadians, or to Rolls-Royce's RB 211 engines for the Lockheed Tri-Star, or to goods like steel where the Europeans and Japanese had previously agreed to limit their exports to the US. The Japanese, the principal target for American action, were summoned to Washington; the Americans would not bother to cross the Pacific themselves.

In Europe Nixon's envoy, Paul Volcker, piled condition on condition: not just revaluation is required, it appears; non-tariff barriers must go, and non-US contributions to European defence increased, before the surcharge is removed.

The apparent insensitivity of the American behaviour has fanned into life a number of dangerous tendencies: first the angry reaction that it was not a case, as Nixon seemed to imply, of "all out of step except our Dickie." The impression grew that the present crisis was due to past American policies, military in Vietnam, economic in the rest of the world, and the consequential dollar outflow, rather than to a continuing undervaluation of some non-American currencies.

This has led to a gradual hardening of attitudes as the week wore on—the exact opposite of the easy ride the Americans had expected. Second, each country has gone its own way and started to dig in again for a long siege, a trend most dramatically shown by the failure of the Common Market countries to agree on even short-term action.

Ironically, in all this turmoil, Britain is largely a spectator. Because of the past failure of our exporters in selling price-sensitive goods like cheap cars, radio sets and textiles to the US the surcharge will barely affect us. Only an eighth of our exports—as against nearly a third for the Japanese—go to the US. Since these are mostly specialities, Scotch whisky, sports cars, machinery, price is not critical.

On the monetary front, however, we seem to have cut ourselves off from taking any initiative. For once our former so-called "special relationship" could have enabled us to play a vital role in bringing together the non-American developed countries and thus bridging the widening gap between the Americans and the rest of the world. But we threw in our lot with the Common Market before we knew what that lot might imply. In fact we were saved from revaluing willy-nilly with the rest of Europe by the failure of the Common Market to agree.

But because we are now so firmly European we can only take a back seat watching the lines harden, and new alliances develop. And, unless the Nixon Administration realises, soon, just how angry are the Germans, the Japanese, and the French, and how little obliged they feel to do American bidding, then these alliances could be used in a dreadful, escalating confrontation. That is the predominant fear in the world's main trading centres this week-end.

Nicholas Faith

The pound to float by only 2½ per cent

By MALCOLM CRAWFORD, in London and DAVID BLAKE in Brussels

WHEN the London foreign exchange market opens for business again tomorrow, the Bank of England will act to prevent the pound from floating up by more than about 2½% against the US dollar. At the outset, the Bank will let the market pick the rate for itself. But it is known, from orders already in exchange dealers books, that this will be between \$2.44 and \$2.45.

The Bank's main aim when intervening in the market will be to prevent any violent fluctuations in the spot rate against the dollar. Although this was quoted in New York at just over \$2.46 on Friday, it is believed that London dealings will be below that level.

With the Americans still insisting on exchange rate revaluations (particularly by Japan) before their 10% surcharge is removed, and the Japanese still doggedly buying dollars (\$2,730 million worth since last Monday) to keep the yen undervalued, world currency dealers face their most hectic week in living memory.

Provisional battle lines are as follows: West Germany floating the D-mark with an upper limit of 5% against the dollar, Holland floating with a limit of 2% and Belgium preparing to follow suit. According to informed sources, the three Benelux countries are to float their currencies in unison in order to protect farm trade between Holland and Belgium. Italy is sticking to its old parity but allowing a controlled float if necessary. France is doing its own thing with an "official market" at the old par level for commercial transactions and a free-to-fluctuate "financial" market alongside to determine capital movements according to supply and demand.

Despite a 14-hour session of the Six's Council of Ministers, a set of proposals by the Brussels Commission, a meeting of the high-powered EEC monetary committee and a visit to Brussels by a jovial Anthony Barber, the strains of crisis have proved too much for the fragile unity of the Common Market.

From Monday, therefore, there will be a monetary free-for-all with each country on its own trying to make sure that it does not lose out in the chaos. Individual jockeying and speculation will continue until the Common Market finance ministers meet on September 13, hopefully to thrash out firm exchange rate proposals to submit to the next urgent meeting of the Group of Ten. This will be the first formal occasion when Japan, with its critical yen revaluation, will have an opportunity to lay its monetary cards on the world table.

On Tuesday, the US delegation, headed by State Department Under-Secretary Nat Samuels, will be heavily criticised from all sides at a special meeting of the GATT Council. The row will be over the various violations of GATT articles contained in the Nixon package.

These are: the import surcharge, which is the biggest violation in terms of the amount of trade affected; the tax holidays for export subsidiaries of US corporations, which constitute an illegal export subsidy; and the "Buy American" feature of the new investment allowances, whereby only US-made machinery will qualify for the tax credit. This last is in some ways the worst, for it is a new non-tariff barrier at a time when negotiations are in progress at GATT to reduce these, and, unlike the import surcharge, it lacks precedents—European countries (such as Britain) have carefully avoided such discrimination.

Tempers are likely to rise at the meeting over steel exports. US officials have intimated that steel exports from Europe subject to the agreed limits, which are now being renegotiated, will not be exempted from the surcharge. Ralf Dahrendorf, European commissioner for trade, will then threaten that Europe will refuse to limit its steel exports to the US, until the surcharge is removed.

A clarion call for prompt constructive responses came at the end of the week from IMF managing director, Pierre-Paul Schweitzer, who also indicated that he disapproved of the American actions. While Schweitzer did not specify publicly, the IMF is known to believe that the US should have set dollar devaluation in motion by proposing a change in the price of gold.

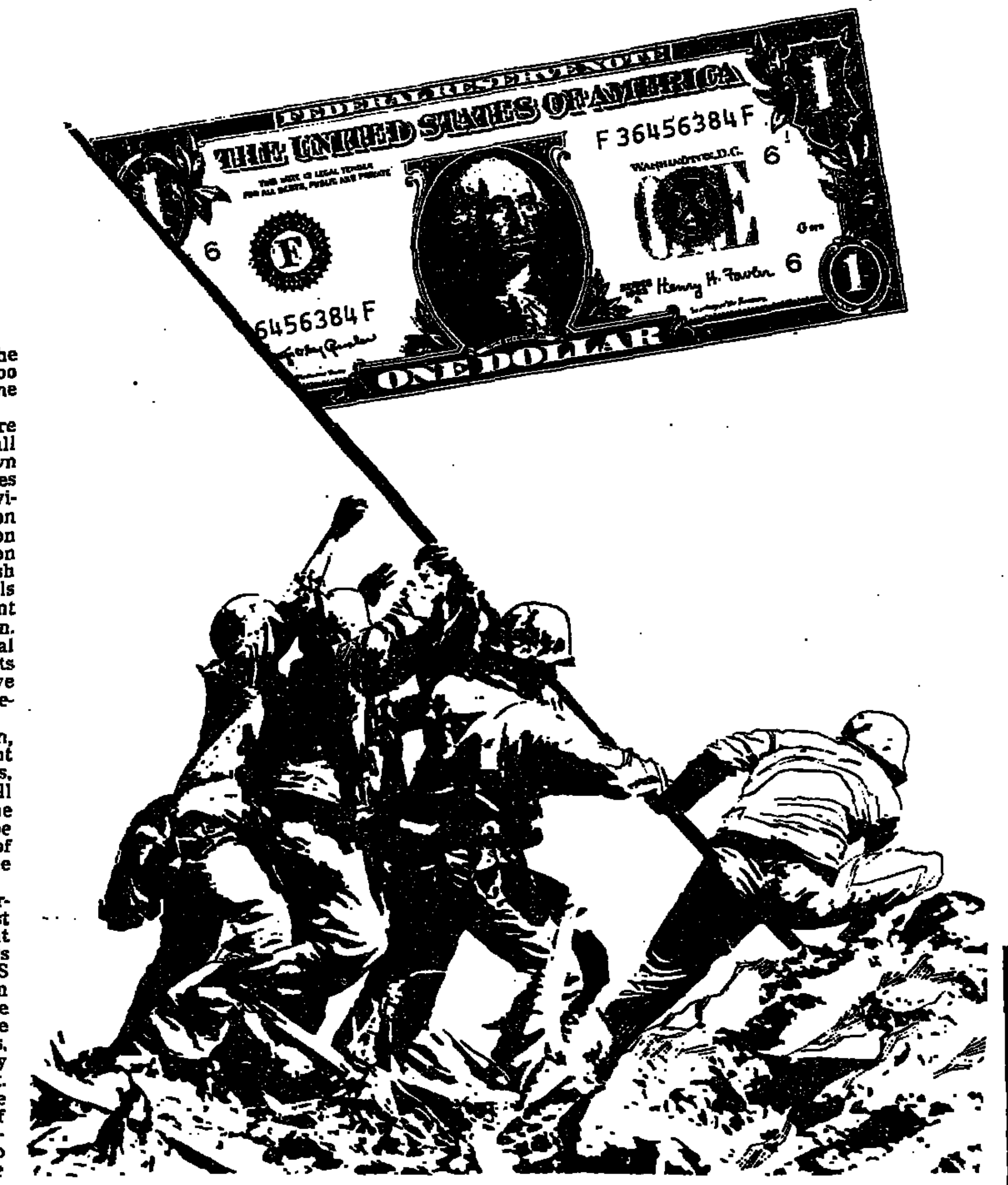
However, the IMF recognises the difficulties of such a move. It is therefore putting three new items on the agenda for its annual meeting in Washington next month:

1 A change in the percentage fluctuation from parity permissible in actual market dealings (after the monetary system returns to normal). The maximum is now 1% either side of par, but the proposed new margin is believed to be 3% or 4%.

2 A decision on what to do with the enormous outstanding balances of dollars in the hands of foreign central banks. Early agreement on this is unlikely.

3 A decision on the future form of convertibility of the dollar. This would entail a debate on long-term reforms of the system.

Graphics by Michael Heath



THE $ CRISIS:

The week money went funny

AS SOMEONE, not Rudyard Kipling, once said: "If you can keep your head when all about you are losing theirs—you just haven't heard the news yet."

In New York a small boy telephoned the President's office to inquire whether he would still get the increased pocket money his father had promised him; in tourist centres across the world American tourists quickly discovered that the dollars in their pocket books had been devalued—in some cases by as much as 20%, and in Tokio, where the Stock Exchange went into a four-day panic, bank presidents were carpeted by the Ministry of Finance for speculating in dollars.

All was not total gloom, however. Recovering from the fray on Saturday afternoon Prime Minister Sato holed out in one on the third green of his resort golf course.

And in Washington, the Cost of Living Council, the new body that is to administer Nixon's freeze, has been nicknamed "Coke—the freeze that refreshes."

About the only place that took the Nixon measures in its stride was Hong Kong, which ironically stands to suffer most from the US import surcharge. The Hong Kong stock exchanges shut on Monday morning a couple of hours after the Nixon announcement, but it was typhoon Rose that closed them, not the Americans.

And despite the shutdown the grapevine remained remarkably efficient. An American business man hearing the news on his hotel radio hurried round with a wad of dollars to change them into yen at a dockside money-changers only to be met with an impassive request to take his business elsewhere.

In London package tour operators faced with bills running into hundreds of thousands of pounds from foreign hotels found that virtually the only foreign currency available in London last week was the Greek drachma. As a result the Spaniards and the Italians have been told that they will have to wait for their money.

It was a bad week for the tourists, though predictably the richer ones did better than the poorer ones. At the Paris Hilton guests were given the same rate as that offered by the banks and American Express; but guests changing more than \$100 were given receipts and were told that if it emerged, when the crisis is over, that they had been charged too much, they could come back and claim the difference.

It has also been a bad week for US-Japanese relations. But so far Emperor Hirohito has not altered his plans to stop over at Anchorage in Alaska on his way to Europe at the end of September. And President Nixon has said he will fly to Anchorage "as a gesture of goodwill."

SHOP! Edited by BRENDA JONES

Why it took 282 days to service a cooker

EVERY NOW and then a story comes to light which seems to embody all our worst fears about servicing. Most of us find our hearts fail when a piece of equipment breaks down, knowing it will take a steadfastness of purpose that would not disgrace a Canadian mountie ever to get it repaired. You may have a guarantee, but not one that will compel the engineer to turn up when you want him. And if all the guarantee work has been handed over to one source, you may feel even more helpless. Here is what happened to one man and his cooker.

On Friday, October 30 last year, a Sunday Times printer, Ron Evans, and his wife bought a Hoover automatic washing machine and a Jackson Topline cooker with a plinth from the showrooms of Eastern Electricity in Town Square, Basildon. They asked the sales-girls to check that both machines were in stock and could be delivered at the same time on the same day. A phone call to Southend confirmed that both could be delivered the following Monday.

Well, Monday came, but the machines didn't. Just as the gas man was taking away their old gas cooker, a call came from Eastern Electricity to say that, after all, neither machine was in stock. They were just in time to call the gas man back down the path.

A few days later the washing machine arrived, but without the Hoover steam iron (and the six packets of Persil) which had been part of the offer. Mr Evans collected an iron from the showrooms. Then the cooker arrived, without the plinth but with a second iron in the oven, which Mr Evans returned. Without the plinth the cooker stood three inches below the fittings either side so that they became marked with the heat and all the pan handles had to be turned awkwardly and dangerously in.

Within two weeks, the duplex ring on the cooker failed. Mr Evans rang the service department in Southend to arrange a repair and had his first taste of their telephone system which, he was told, consists of only two lines for the whole area, which is why each attempt to call meant a dozen engaged signals and a half-hour of dialling.

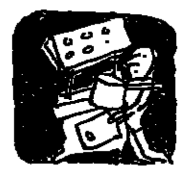
Anyway, the ring was repaired promptly, but a few days later the grill compartment which houses the spit roaster developed a deep and rather unnerving hum and dust began to gather behind the control panel because the knobs were scuffing the enamel. An engineer came, said "Nothing can be done about a hum," but took off the control panel cover to remove the dust. And dropped it. Soon after this visit the grill compartment began to spring open whenever it reached a certain temperature and could not be shut until it cooled down. Mrs Evans also found that the inner glass door on the oven leaked, causing staining. At the end of the year, more telephone calls were made to the service department.

Things began to look up in January, when the plinth arrived, though without anyone to lift the heavy cooker on to it.

After failing completely to get through on the phone, Mrs Evans went down to the showroom to ask for help and two men came a few days later to lift it. The Board representative who brought the plinth made a list of the parts needed to get the cooker working properly. By February, four months after buying the cooker, the grill door was still springing open, the oven door leaked, the control panel (now that the cover was broken) was obscured by steam during cooking and the duplex ring had gone wrong again and would only work at full heat.

After a period of inactivity, the Board reappeared again on March 12 when a service engineer brought a new control panel cover to replace the one that had been dropped. But by now the duplex ring had deteriorated further and came on whenever any part of the cooker was turned on and only went off if the cooker was turned off at the mains—which meant the electric clock and the automatic timer couldn't be used. It obviously needed another replacement and at this point Mr Evans, pointing out that had he wanted a second-hand cooker he could have bought one, asked for a replacement for what he felt must be a "rogue."

The Board passed this request straight to the manufacturer, Radiation Ltd., but apologised for the delay. They had forgotten to put through the order for the parts that their representative had listed in January but had done so now. At the end of March a new control switch for the duplex ring was fitted, but the grill and the oven door were still not working and Mr Evans received a letter from Radiation saying it was "not prepared to sanction an exchange." To Mr Evans' protests that, after nearly eight months, the Board had failed to get the cooker working properly, it replied that the Board was its servicing agent and would "restore your cooker to normal efficiency." As Mr Evans said bitterly, "that cooker had never seen normal efficiency," the Board had already proved incapable of fulfilling the guarantee and it was time the company stepped in to honour it. At this point he also suggested that his colleagues might take an interest.

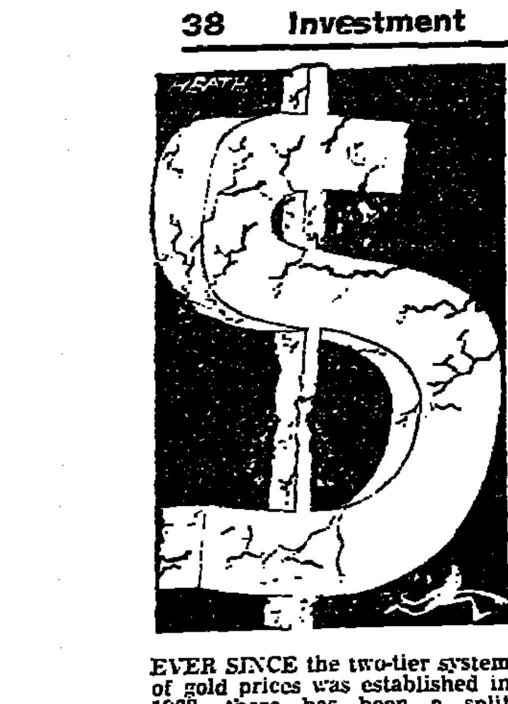


Radiation replied at the beginning of June, accepted that "the action taken by the Board acting as our Service Agents has not been entirely satisfactory" and said it would send its own man along. He arrived 10 minutes after the letter, and from then on the situation improved rapidly. Eastern Electricity bowed out—though a giant lorry pulled up one day to deliver four packets of Persil and on June 22 another arrived and two men started to unload a second plinth.

The engineer from Radiation discovered that, in addition to the other faults, the roof of the oven compartment had been assembled the wrong way round blocking the vent, but this was put right, a new glass door fitted to the oven and a complete new grill compartment replaced the old one. By August 7, 282 days, 20-odd letters and dozens of phone calls since the cooker was ordered, it seemed, at last, to be working properly. Then the thermostat on the grill compartment failed. The Radiation engineer said he couldn't test it as only supervisors were allowed to carry thermometers: but he replaced the thermostat last week, bringing his wife's jam thermometer with him to check it. Mrs Evans is now waiting for a final check as the grill compartment still does not heat up properly.

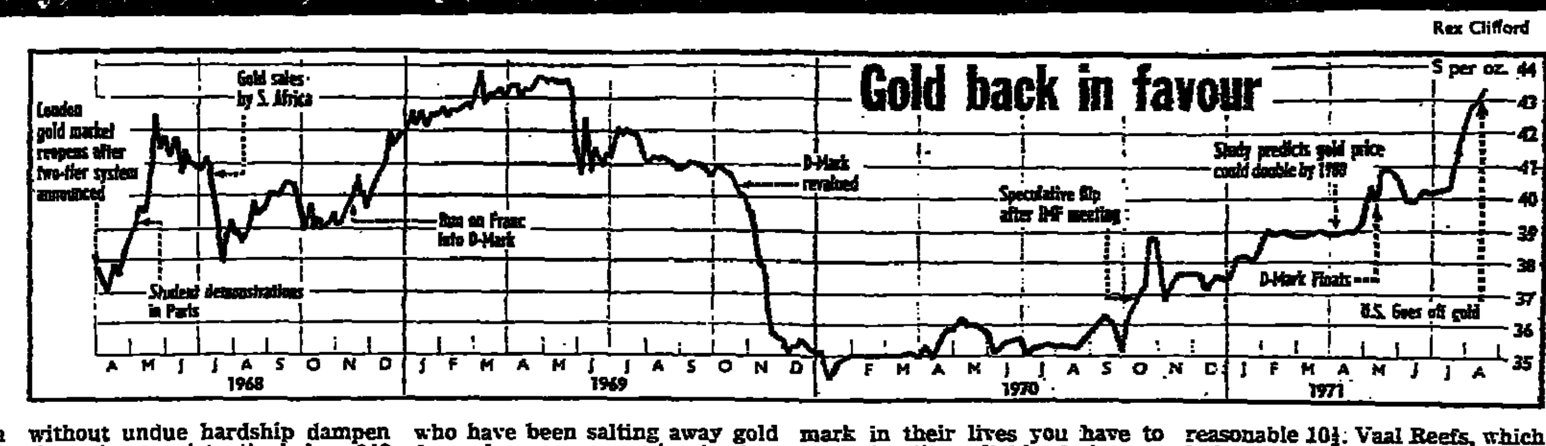
But the story shows that when you are facing a Board that may be the sole servicing agent for your equipment it may be difficult to get proper attention, especially if the servicing need is slightly out of the ordinary. Boards vary in the priority they give to servicing, some spending far more money and employing many more men than others. London, for instance, has one service engineer for every 3,000 households, South Wales one for every 7,000: South of Scotland one for every 8,900 and North West one for every 11,300. All of these numbers fluctuate, with more being taken on at busy periods, or part-time staff taken on at weekends, but they do show that standards may vary enormously.

business news City, investment, money — Financial Editor GRAHAM SEARJEANT



A cloud with a golden lining

Rex Clifford



EVER SINCE the two-tier system of gold prices was established in 1968, there has been a split personality in gold shares.

On one side there is what I call the South African cocktail party school, daily expecting a doubling in the official gold price, leaping in on a whiff of crisis, but getting more and more disturbed as the monetary role of gold gets progressively ditched.

On the other side are the increasingly influential reports issued by Consolidated Gold Fields' economists under David Lloyd-Jacob. They add up the growing industrial demand for gold, see that it is good and almost tut-tut that the free market price of gold should still be tied to that out-dated US fixed money price of $35 an ounce. Yet this school has always had a nagging worry, too, of what will happen to the unquantified but important private speculative demand for gold if the yellow metal really does become demonetised.

You could say that gold ceased to have any monetary value last week when the dollar, the only significant currency you could actually take along and change into gold at a fixed price, shed its 37-year-old convertibility.

At the same time the gold-loving French were pointing out that the franc had a fixed parity with gold that is. The implication was clear enough.

Any realignment of currencies, particularly between the franc and the dollar, would increase the dollar price of gold.

The Americans hate the thought and they still have $10,000 million of gold with which to exert any influence they want on the free market price of gold. They could without undue hardship dampen the price consistently below $40 or near to $35. In their present mood it is difficult to see them budging—and the biggest shift looming at present is only 10%, keeping gold below $40 an ounce.

As a side issue reflecting the whole currency confusion it not *only sounds like stalemate—it is* stalemate. No wonder that after the usual pre-crisis build-up in the gold price the fizz had gone out of both gold and gold shares.

But I feel the week's events have put a great deal of weight behind the optimists of the Lloyd-Jacob school. The point is that the attractions of gold as a store of value have merely become more psychological and less real over the past seven days. But the confusion over every currency including the almighty solid, fixed dollar has enhanced the psychological value of gold and it is hard to imagine now that the rich Eastern, and not so Eastern potentates and wealthy who have been salting away gold for so long are now going to stop. So if the cocktail party hopes of a massive rise in the gold price have been dashed, the private speculative demand for gold has had a shot in the arm giving the free market price a much more healthy long-term look. The price *of gold will probably fall* from its present high, but unless the Americans really want to be difficult over a period of years it will probably keep on the move above $35 fast enough to take account of South Africa's below-average rate of inflation.

If you look at leading gold shares in that context they are lousy speculative buys, but many look sound value as industrial propositions. One of the main reasons for this is that the argument that gold mines have a limited life is often applied too indiscriminately. Gold mines are a bit like leasehold properties. Once they get past the halfway mark in their lives you have to start treating dividend income partly as depreciation of your capital. But this element is very small if it exists at all for mines with scores of years of profitable working — given an inflation-resistant demand for gold. These cases are frequently attractive income situations.

Take for example the West Driefontein mine in the Gold Fields group, the biggest mine of all until the proposed new Vaal Reefs complex is formed. West Driefontein is no longer new but it is still expanding operations. New uranium and sulphuric acid plants have just been put up. During the past 10 years, which does not include any element of the initial start-up expansion, dividends from West Driefontein went up steadily by 76%. Yet this share yields 6.9% at 915p, and if you apply the price/earnings ratio, normally anathema to mining analysis, it works out at a reasonable 10½. Vaal Reefs, which is in for major expansion, yields 5.5%. Both these are fairly rich mines with wide margins.

If you are after growth rather than income there are mines to suit like expanding Kloof or newcomer East Driefontein. But the mining finance houses themselves are probably better propositions. Consolidated Gold Fields, the one that runs West Driefontein, is unusually depressed at the moment, selling on a 3.3% yield at 222p. Again the P/E comparison is a bit notional because of the variable gold share dealing element in profits, but for the record it is a modest 14½. Gold Fields has some useful short-term boosts from its UK building materials business and has become one of the more dynamic finance houses in Australia and elsewhere, laying up profits for the later 1970s. It looks worth tucking away.

Graham Searjeant

What to do about Wall S —and Tokio's despair

ALL LAST WEEK, as Wall Street boomed and Tokio fell in ruins around the speculative fears of panic-stricken Japanese, investors could have been forgiven for following both bandwagons. But London's investment institutions, for all that they have been bemused by the scale and aggressiveness of Wall Street's buyers and Tokio's sellers, have maintained a properly sceptical view of both. It is too soon to rush into investment trusts with large US portfolios. *It is certainly* wrong to leap off the trusts investing in Japan.

Many trusts with substantial American portfolios are in any case fairly expensive right now. Against an average discount of 7.1% (according to Hoare, Govett's statistics) only eight of the 25 major trusts with more than 35% of their portfolios in America are cheaper than the average. And of these, most are specialist stocks, or narrow markets. But English and New York, and Metropolitan, are on discounts of 8.3% and 7.7% respectively, with 35% and 39% of their portfolios in America. So these look relatively cheap. But neither of them has the sort of gearing which investors should look for in bull markets.

But First Scottish American, with a 35% US portfolio and relatively good gearing, is still on a 5.3% discount. Compared with its past discounts, this is not at all bad. But it could be a major beneficiary of Wall Street's boom this time round. Sterling Trust's mediocre record may also account for its 9% discount, despite a 36% American portfolio and good gearing.

The dilemma for investors looking to America is that if the Nixon *measures do work*, Wall Street could be in for a long and sustained boom. But there is no certainty, or even confidence, about that. David McCurrach, who runs the £105 million Alliance Trust from Dundee, is still gloomy about the longer US prospect. Agreeing that the *import surcharge*, tax cut and investment credit will have a short-term effect in the market, he nevertheless feels that reflation had been started too early last year, that that was unsuccessful and that the present measures may be equally so. Less pessimistic, but still not rushing into American orientated trusts, is the manager of Save and Prosper's Investment Trust Units, the £100 million unit trust which virtually controls the investment trust market.

The point is that the week which saw Wall Street's largest ever one-day rise, 32.9 points on a record 31.7 million shares trad is bound to look technically o bought. By the end of the wee fact sellers had begun to eme But what has encouraged th who remain optimistic about N York is that both analysts traders are not thinking chartist resistance levels fundamental multiples. For first time since President John announced the partial bomb halt in Vietnam, small invest have been pouring into market along with the inst tions. It could be the indicato an upsurge of consumer co dence. If the Dow Jones index 900 was a resistance level in past, it is now a mere milepost the future.

If Wall Street is eupho Tokio is in despair. With recklessness bordering hysteria, Japanese investors h been throwing out almost a thing with a price on it. Co panies like Tokio Marine, insurance stock popular w foreigners and with only a t overseas business, or road-buil Nippon Hodo, have crashed 3 during the week. Nohmi Bosa mixture between Chubb Mather and Platt, fell fr 860 yen to 470 yen. Matsush Electric 578 yen 366 yen before recovering 410 yen.

The problem is that Europ investors who might have ac *as stabilisers have not been a* to get hold of yen since foreign exchange markets h *been closed. Some banks w* offices in Hong Kong have bou yen there at 325 to the dollar, *effective yen revaluation of 1* But it has been a trickle. *market meanwhile has fallen 2* during the week, with its heav ever fall on Monday of 12.3 poi (to 199.7) on a phenomenal *million shares traded.* Unit tr like Save and Prosper's Ja Growth, or M & G's Japan Fu have been affected more stror than investments trusts. Berry Trust, 8% invested Japan, is actually up, wh Investing in Success Equit with 25% in Japan remains vi ally unchanged from the previ week. Foreign and Colonial w just over 5% in Japan, and Ty side with 18%, have also b barely affected.

The investment trusts theref could be *vulnerable but only* limited extent. Investing Success and Tyneside, in part lar, have *only very sm* American portfolios to b balance out the heavy Japar *content, and these could well* weaker. But for the rest, do w the merchant banks are do *Look bemused.*

Aziz Khan-Pa

business news City, investment, money

Why Philips must sort itself out

WHEN WILL Philips stop playing around with its business in Britain? The Dutch electrical giant, fourth largest industrial group in Europe, has a large and well established empire in this country via its wholly-owned Philips Electrical and Mullard and the likewise unquoted Philips Records. But it has chosen to involve itself also in a series of partly-owned quoted companies and has used these for a series of puzzling manoeuvres that have finally caused widespread City feeling that two of them should have their quotations suspended.

Last week Ada (Halifax) published an extraordinary set of accounts, heavily qualified by auditors Peat Marwick, particularly in respect of its 69% owned subsidiary Loyds Retailers. And on Friday Loyds announced a £140,000 half-time loss. These are the culmination of what appears to be a game of musical rental companies played by Philips.

This started with the collapse of Pye of Cambridge, which as memories stretching back to 1966 may recall, was to no small extent due to the uncontrolled mushrooming of the group's Gibbard and Uniprop TV rental retail associates.

When Philips took over, one of its first rescue moves was to sell those shops that remained to Ada (Halifax), a more venerable partly-owned UK subsidiary. Together with other retail and rental businesses then being gathered in Ada, this was to be the nucleus for a nationwide chain to push Philips products. But little more than a year later there was another change of policy at Ada. Most of the rental and retail businesses were sold to another mushrooming chain, Loyds Retailers, in which Ada thereby gained a 69% stake. Loyds showed a profit of £484,000 and paid dividends of £242,000. Yet as Ada auditors Peat Marwick now point up, this was only because Loyds re-valued the old Ada sets on the basis of capitalising the value of rental contracts. If Loyds had used the Ada (and usual) method of depreciating actual cost it would have made a loss and its Loyds Rentals subsidiary shown a £5.7 million deficiency of assets. This was too much for Loyds so Philips *has bought the rental* subsidiary back for a nominal sum and written down the sets at its own cost. Philips Industries now owns some of the same operation once owned by Pye and has rescued its subsidiaries from the same business for the second time. It is a costly conclusion to a history of assets being shuffled between different companies each controlled by the same parent.

It is not the only example. Since Philips moved into Ada in 1961 it has removed the original washing machine business: it injected component manufacturing and wholesaling companies (buying heavily from and selling to other group companies) instead, then the rental business and most recently a substantial check trading outfit—the subject of another auditor's qualification over bad debts provisions. Until this year independent chairman Sir Henry Chisholm has kept profits and for the most part earnings and the share price moving up through all this, but such is the rapidity of policy turnarounds that the City has never had a chance to put an accurate value on the shares.

The situation is equally unsatisfactory from Philips' point of view. In Loyds' case it desperately lacked adequate controls over what is ultimately a subsidiary company, while all too often Philips have had to take *the strain if things go wrong.* This is of limited value to Loyds' shareholders who have seen the price halve from its 1970 peak to 27p.

In a different context even Pye has fallen far short of expectations. Though sales as scheduled, boomed over the £100 million mark last year, profits fell back *from £3.8 million to* £2.8 million instead of jumping over £5 million as was freely being predicted three years ago.

Clearly in Britain Philips' policy of hiding behind a lot of local company names is not working and should be changed. The logical answer is to consolidate all major Philips interests from Mullard downwards, perhaps including 25% owned Electronic Rentals, in one grouping. By all means let us have an autonomous company with public participation, but let it be through a single public vehicle of say Philips Industries—similar to North American Philips in the US—so that everyone, including Philips, knows what is going on and what they are likely to be investing in.

John Hodder

Can dolls go into liquidation?: the scene at Hamleys

Who will buy the corpse of the giant of toytown?

THERE ARE two sharp lessons for shareholders in the voluntary liquidation proposed last week for Britain's biggest toymaker, Lines Brothers, after the withdrawal of backing from Gallaher. First, it points up the intense difficulties of recovering in a liquidity and confidence crisis. Secondly, it strengthens the old rule about distrusting any chairman with a record of missing his forecasts.

After several occasions when performance failed to live up to expectations, most people still believed that Lines' new management team headed by ex-Rank Xerox man Peter Thrower, who *moved in last November, could* pull the company round—even though its financial reporting system proved inadequate over a year after present chairman, John Darby, from chartered accountants Arthur Young McClelland Moores first joined the board. At the time the Gallaher deal was announced Darby denied that the company would face liquidation without the money.

The fact is that Thrower did not know the full gory picture when he approached Gallaher. Lines' illiquidity and last year's £5 million loss were worse than he expected. Ironically, the new tight budgetary control gave Gallaher the information it *needed to change its mind.* Then a drop in sales during June - July lowered the cash flow just when the company needed to build up stocks for the Christmas selling season.

The setback altered forecasts of both the time and money needed to pull the company round. This put Gallaher out of *the running because its controlling* shareholder, American-Brands, has laid down the need for fast and immediately profitable diversification as its US tobacco empire has been badly dented by the BATS-owned Brown & Williamson and Philip Morris. As a result some of the best known names in toyland are now up for auction.

Tube Investments (big in bicycles, unsuccessful in prams) and Barclay Securities (with its Chad Valley company) are interested in the Triang Pedigree division which makes the larger wheeled toys, tricycles and prams, even though profits were only £80,000 in 1969. Dunbee-Combex-Marx might also have an interest in this side or in any of the plastic manufacturing. Reenan Beddow, which controlls *Emman Products and Rosedale Industries,* would not turn up its nose at the wooden toy offshoot. Good Wood, if the price were right. And somebody, surely, must want to rescue Meccano and Hornby, even though the company made a loss of nearly £148,000 on its near £3 million turnover in 1969. But the plum is Hamley Brothers, with its valuable Regent Street *leasehold* and record of profits steadily increasing to £201,000. This is only 64% owned by Lines Bros. with members of the family owning the rest. But it will doubtless bring in several approaches to the intended liquidator, Cooper Brothers' Paul Shewell.

But at least, by opting for *voluntary liquidation, management* may get more for shareholders. It will not be as high as the 50p a share estimated by brokers Beamish and O'Kelly back in June, depending on the accounts due next week. But anyone interested in staying in the toy industry will have his eye on part of the Lines empire: and what they are prepared to bid against each other will provide the only consolation for shareholders. It could leave more than the current 4½p buying price.

Gwen Nuttall

Watney or Grand Met?

SHAREHOLDERS in Trumans must be so bemused, delighted and bored by the multiple bids they have been subjected to that they might have forgotten that the time to make decisions had arrived. Here are some points to remember:

☐ Grand Met's 15p increase might not last if it doesn't achieve control on Monday. I would ignore this threat.

☐ Grand Met's shares have had a better record. But the company has grown by acquisition. Two-thirds of its £14 million profit last year came from Express Dairy, Berni Inns and Mecca acquired in the last 18 months. More acquisitions are needed to maintain this growth and sizeable bids are increasingly difficult to pull off. Conglomerates are better young.

☐ Watney's record has been stodgy even among brewers. But it has been moving in the direction Truman has also decided to go and a merger would help its rationalisation plans.

☐ On my calculations Watney's offer is worth 467p in the warrant form against Grand Met's 451p and Truman's 459p in the market. But there is no foolproof way of valuing an unquoted warrant. A future with Grand Met is worth a premium over one with Watney but this is already built into the price of its shares and therefore its bid. So the Grand Met bid is light.

My preference for Watney, however, is slight and would be reversed if Grand Met offered more. A slight majority of management and the workforce favours Grand Met. And a modern hotel, catering and entertainment group with its own brewery would certainly shake up the brewing world. The difference between the bids in cash terms is so small that the argument boils down to one question: *do you take a more pessimistic view of Grand Met's future or of Watney's past?*

New Slater issue

GOING PUBLIC after nine months life is not bad going: Corporate Estates, the London office development company which started in January this year, will be quoted by mid-September. The means is Sterling Land—the Jim Slater company which merges with Corporate and takes its title. The four-man team at Corporate—"we're very democratic, we work very much as a team"—will be the effective management of the new grouping, and majority shareholders. And since any property company is judged by the management it keeps, it is on the expertise of those four that the new Corporate's share price will rest.

The four come from solid property backgrounds—Peter Olsberg and Geoffrey Wilson from Amalgamated Investments, Stuart Lipton and Michael Gilbert from Anthony Lipton, estate *agents who have advised* both Slater and Amalgamated. They value independence—the offers earlier of a Slater shell were turned down. And they control already a development programme costed at between £12 and £15 million which consists of 16 properties, mostly outside London's ultra-fashionable belts. They are mildly bullish about the London property market, expecting steady growth from a market which has passed its near-hysterical peak; they replace *existing office space more often than they add to it.* They intend using Corporate's paper on the take-over trail—and cutting the residential side of old Sterling Land.

What Jim Slater, with an up to 20% stake in the quoted Corporate, can add to property is available money and cash expertise. Since the Corporate team in earlier days pulled off deals like New Fleetway House from IPC and a classic £8 million property deal in Knightsbridge for Amalgamated, their joint skills now should make them men to watch.

Clarke Chapman leads the heavies

THE BEST TIME to catch a stock is just before it becomes fashionable. The institutions are now looking for good engineering stocks to build up their depleted portfolios. It is difficult to believe that they will miss **Clarke Chapman-John Thompson.** Already some of the sharper professionals have been climbing aboard. One of Europe's largest boiler makers, Clarke Chapman is known in the trade as a tightly managed, highly efficient company. It was backed by the Industrial Reorganisation Corporation to rationalise the boiler and crane industries, and it is one of the very few companies actually making money out of nuclear power stations and CEGB work. After the merger between Clarke Chapman and John Thompson late in 1969, there was a good deal of *nervousness about the depressant* influence of the John Thompson boilermaking activities. But it was able to hold its own so that the group ended the year with £2.96 million pre-tax.

TIME TO BUY

Buying price: 77½p.
1971: high 77½; low: 42½.
Yield: 6.6%.
Cover: 1.5.
P/E ratio: 10.
Latest profit: £2.96 million.

All the divisions of the group are now profitable and with the exception of power plant and pipework are in fact working at near capacity. In particular, the transporter, pressings and shell boiler divisions, accounting for around 30% of the company's turnover (£98 million last year) *are ahead of forecast and should* provide a valuable boost to profits. On the power plant and pipework side, spare capacity does exist—with 1971 a trough year for CEGB *ordering that is unavoidable. But* pipework *completions should* mean a higher profit contribution.

So although interest charges will be £264,000 higher, Clarke's pretax profits should end up just under 15% better at £3.4 million. Following last year's write-offs at John Thompson, some £4 million is available in tax reliefs. A tax charge at 35% would double the growth in earnings to 30% on 1970's £1.6 million. On this basis, the historic P/E of 10 at 77½p drops to 7.8. The argument for Clarke Chapman therefore is that it is cheap on fundamental grounds; its liquidity is good; a third of its sales have begun to pick up strongly following the Chancellor's two budgets; *and it* can be bought just as the CEGB *is bringing forward its contracts.*

Aziz Khan-Panni

What's good for Wall Street . . .

There were far too many people away on holiday for the London *market to need to take* any big lessons from the Nixon measures last week. So all we got was some hefty losses on gold shares and a general unimpressed markdown of exporters and traders who might be hit by an effective revaluation of the pound against the dollar and/or US import surcharge. The Times Index lost 2.89 points to 165.54. But *come September I expect* people to be taking the more constructive line that what is good for Wall Street cannot do London any harm even though what is good for the US may not be good for British Leyland. Even if prices as a whole do not surge up from their present high levels we should see some good buying in the depressed sectors *that will benefit from* economic upturns both here and in the US.

On Wall Street the new Nixon policy gave the market its best ever day on Monday with the Dow Jones average rising a record points and volume topping 30 million shares for the first time — almost 32 million on the day. The average *had climbed within* a fraction of 900 on Tuesday night when profit-taking and doubts over the new panacea halved the week's gain to a still more than respectable 25 points at 880.91. Motors led the general gains with **General Motors** seven points up at 83¾ and **Chrysler** more than four points up at 31. Nixon is asking Congress to cut the 7% Federal tax on all cars except imports, *which will in* addition bear the 10% surcharge. So, for the first time since the second world war, low priced American cars will be cheaper than the lowest priced imported vehicles.

MARKETMETER

● **Courtaulds** was showing surprising strength at the end of the week, with the shares coming *up from 122p to 130p. This after* the fall earlier in the week from 130p has puzzled the market. Textile specialists say that the textile cycle is about to swing up again. So although expectations for the half year are dismal, with profits down to around £16 million compared with last year's £17.6 million, the second half should show substantial gains. Gearing is *the secret, but even so it is difficult* to see the sort of £30 million second half some of the wilder brokers are talking about.

● AUSTIN HALL'S 17p rise last week to 150p is well timed. The turnaround there has been truly dramatic. After the £131,000 loss for the 12 months ending March last year, the company was taken in hand by **First National Finance.** In the nine months to the end of December, the new year end, it had made a £355,000 profit. On Tuesday, the company is expected to show a six-month profit of just under £400,000.

● **Spanish Telegraph's** long-awaited bid for **Scottish International** should be out any day. The terms are to be a one-for-one share offer. Spanish Telegraph's shares will be underwritten at 150p against a market price of 165p. The intention is to do for the new trust what **Rothschild** has done with **Rothschild Investment Trust.** With **First National Finance** guidance, it should be an interesting performer.

● **Dubilier** has been a take-over candidate for so long that the spivs have surely been driven out. Now I hear that someone has built up a 25% stake through *friends and associates.* At 12p it is on a P/E of 36, but assets are worth 16p. It looks like an expensive raid.

ECONOMETER

Puzzle of soaring jobless

● UNEMPLOYMENT rose to crisis levels. Seasonally adjusted, the rate was 3.5% overall, and for men, 5.0% (rather more than that including Northern Ireland). The total number unemployed is 859,000.

There is something puzzling about this, in view of the industrial production figures for the second quarter. The August unemployment figures are too advanced to be affected by the postal strike and the Ford strike, which together threw most of the *economic statistics for the first* half out of joint. The increased production in the second quarter should have stopped the rise in unemployment. One explanation may be accelerating productivity growth. This would tally with the growth of capital investment in 1969 and 1970, which could be paying off in productivity now.

The trend of job vacancies over the past three (or six) months is consistent with this. Total adult vacancies have fallen by 16% in six months.

● CONSUMERS' EXPENDITURE estimate for the second quarter has been revised upward. *Taking the first two quarters together* (to dodge strike distortions) the total is 1% lower than *the second half of last year.*

● MOTOR TRADES' TURNOVER was up 15% in June, over June, 1970, making a 14% increase in the second quarter (on the same basis).

● RETAIL PRICES were up 10% in July, compared with a year earlier.

● WAGE EARNINGS were up only 10.7% on the same basis. *Basic hourly rates were up 13.4%* in July, however (13.5% in June) indicating that the comparatively *slow growth in wage earnings is* due to lower "wage drift" (strictly speaking, negative wage *drift) owing to the recession. The* growth of basic rates appears unabated.

● STERLING was not quoted in London, due to markets being closed, but in New York, which stayed open, spot dealings were about \$2.4625 to \$2.4666. This is well above the \$2.42 upper limit at which the Bank of England has hitherto supported the dollar against the pound in London.

With an oil share-out in London, and oil shares up in Brussels, the dream of a gusher on Britain's doorstep is finally coming true. RICHARD MILNER reports on both

North Sea oil steps into the world league

THE MOST expensive underwater acreage in Britain is located about 80 miles due North-East of Muckle Flugga lighthouse on the tip of the Shetland Islands. It has so far been known prosaically as Block 211/21 and will set back the Shell-Esso consortium £21,050,001 before they so much as move a drilling rig. That Block 21 has been valued in millions marks the coming of age of the North Sea as a world-league oil source, for no combine would hazard so much cash in these stormy waters without being as certain as a seismograph can be of a major strike.

Conducting the Department of *Trade and Industry's first sealed-bid* oil auction against a theatrical backcloth of old gold curtains in *the cinema of the Millbank Tower* in London on Friday, petroleum division chief Angus Beckett did his level best to make the occasion low-key and even moderately lighthearted. "It is not our intention to present losers' cheques for payment," he commented pleasantly. "Winners will be *given two days notice before their* cheques are cashed." Fifteen 100-square-mile "lots" were then knocked down for a *total of* £37,213,653 and 99 pence.

Though this North Sea auction was not quite on a par with the £357 million Alaskan lease bonanza in September, 1969, when Amerada-Hess and Getty interests paid up to £11,500 an acre and lots averaged out at £830 an acre, the UK average of £43.85 set a new high for undersea prospecting on the continental shelf.

What made this pioneer sell-off particularly interesting was that the expected did not happen. Sections close to known fields went, figuratively speaking, *for a song. Shell-Esso's* £21 million-plus bid was quite stunningly pre-emptive, but this *partnership's rivals were also* bidding in telephone numbers for this second most northerly block. *Mobil-Amerada-Texas* Eastern-Gas Council bid £6,425,201.99, Conoco-Gulf-Coal Board only a shade less at £6,333,436, Texaco £6,724,525, an Arpet group including Minster and Norsk Hydro £6,200,000.

Altogether 18 bids for Block 211/21 totalled nearly £72 million, clearly indicating that the seismic surveys had shown some particularly encouraging oil pointers. Hunt International (£5,260,000) and Occidental-Getty Oil-Allied Chemical (£4,583,333) were uncharacteristically among the also-rans. And the Shell-Esso team did not have the edge on its opposition only in cash terms. Its rig Staflo had been drilling on a block in the 211 sector (211/29) without an announcement earlier this year and in July was brought down two blocks away from 9/13.

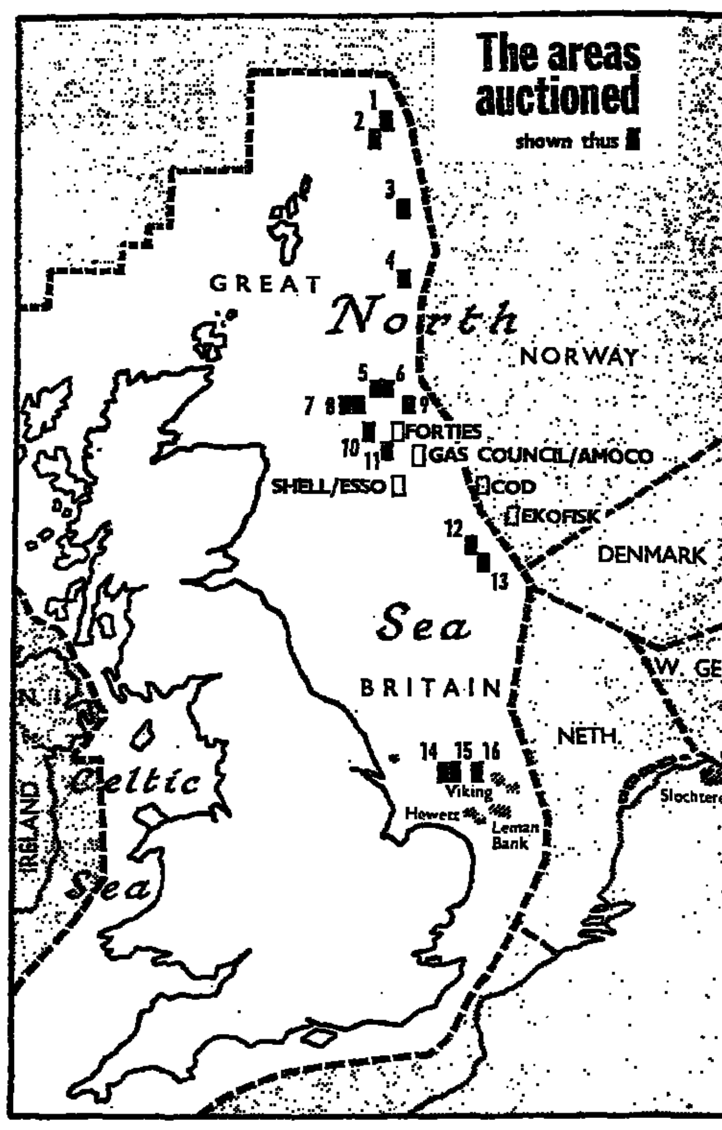
This was the next-most-wanted block. Shell-Esso made a much less forceful bid of £4,021,251. It was topped by the Occidental-Getty-Allied Chemical group, which made its own relative preference plain with an offer *of £5,533,336*—well above its bid for 211/21. Paul Getty himself sat grave and drawn four rows from the back, trying not to let anything show to the photographers. It was perhaps just as well, because just two envelopes later (and with only three to go) the Mobil-Amerada-Texas Eastern-Gas Council consortium beat him to this number two plum by £482,863.99.

Having just placed a £32 million order for four drilling rigs, Shell-Esso have plainly decided to step up their North Sea programme and equally plainly decided where the main chances lie: the consortium showed no bidding interest in the two blocks (30/22 and 30/28) diagonal to its "capped-off" find on 30/16. British Petroleum played the affair coolly in conjunction with the German national oil company Deminex (a significant new alliance), ignoring blocks adjacent to its "Roaring Forties" field, but bidding hard for 15/26 next door to a currently-drilling Shell-Esso block.

With the steady development of its Forties field out from Aberdeen "not inconsistent with" an eventual oil flow of 300,000 barrels a day, and gas now being delivered from its West Sole field farther south at a rate of 150 million cu ft daily, British Petroleum can afford to rest moderately content. Assuming that final Forties output will reach 500,000 b.d., but that production costs could be twice the Libyan rate (i.e. 60 cents per barrel), analyst Richard Martin of J. & A. Scrimgeour reckons that this one field could add almost £74 million to net earnings by 1977.

Burmah's total absence from the bidding is less understandable, however. And with the majors focusing on two or three key blocks, Total and a largely-French consortium have (subject to the ultimate approval of Secretary of State John Davies and Mr Beckett) secured three useful-looking Scottish sections for a relatively modest outlay. But the master-tactician of this DTI exercise may be Stanley Milner (no relation) of Chieftain Petroleum, a modest-sized seven-year-old Canadian outfit that in 1970 had an operating revenue of just \$3.3 million.

By bidding low but broadside via Chieftain Exploration (UK), Milner not only came out on top for two blocks (21/7 and 21/14) close to the Roaring Forties at a mere 8p and 5p per acre—compared with the £426-odd an acre Shell-Esso lashed out for Top 21—but also hit lucky with 1½ blocks hard by the West Sole gas field for £8,000. It will, of course, cost a great deal more than £16,000 to do anything with these three pieces of the North Sea and John Davies (who is against "trading") may consider Milner's Alberta techniques do not qualify—but he rates some *prize for sheer audacity.*



Who bid what in the auction

THE FIRST figure refers to the number on the map, the second to the block number, then the bidder and price.

1—211/17, Total & others, £51,000;
2—211/21; Shell-Esso, £21,050,001;
3—3/18, Total and others, £51,000;
4—9/13, Mobil - Amerada - Texas *Eastern-Gas Council, £6,316-201.99;*
5—15/23, Texaco, £1,129,370;
*6—15/24, Hamilton-RTZ-Blackfriars-*Transeuropean, £671,005;
7—14/30, Total and others, £933,000;
8—15/26, Deminex-British Petroleum, £3,381,338;
9—16/27, Phillips-Agip-Fina-Centu[ry] and others, £637,666,
10—21/7, Chieftain Petroleu[m], £4,800;
11—21/14, Chieftain Petroleu[m], £3,200;
12—30/22, Texas Eastern-Gas Council-Amoco-Amerada, £1,051,752
13—30/28, Conoco-National Coal Board-Gulf, £1,500,156;
14 & 15—48/12 & 13b, Chieftain Petroleum, £8,000;
16—48/15, Conoco-National Coal Board, £425,164.

Barrels roll for Petrofina already

PETROFINA has been one of the *few North Sea oil boom shares.* It doubled in price over 12 months as international investors rushed to buy. But since the excitement died down in mid-year, Petrofina's share price has *shaded around* 5%. Friday's oil block auction in London will get interest going again, though, and Petrofina is likely to attract speculation.

The Ekofisk strikes have had a quite dramatic effect on the small Brussels Bourse, where Petrofina now accounts for some 13% of the total capitalisation of all shares quoted. And since the cautious Belgians like to spread their risks by buying into share-holding investment companies, the upsurge in Petrofina has been spread throughout the market. (UK investors also have a chance to buy indirectly into Petrofina via Imperial Continental Gas, which has a 6% stake in the Belgian group: ICG now stands on a P/E of 27.4 at 474p.)

Petrofina's success stems from its link-up with the US Phillips Petroleum. This North Sea consortium, in which Petrofina has a 30% share, is already delivering UK natural gas from the Hewitt field: Petrofina's share rises to some 20,000 million cu ft this year. It will also be the first operator to ship commercial oil, at the rate of 40,000 barrels a day *from the Ekofisk field. Other oil* testings in the area support Petrofina's forecast of a potential pro*duction flow of 300,000 barrels a* day. Phillips/Petrofina has also tested oil in the Josephine structure of the "British" North Sea.

EUROSHARE

PETROFINA SA, BELGIUM
Buying price: BFr 4,000 (£33.35).
Gross dividend BFr 105.
Net yield: 2.3% after allowing for tax deducted at source.
Market capitalisation: £329 million.
Sales: £705 million 1970.
Net profit: 1970 £19.75 million.
Number employed: 21,300.
P/E ratio 19.5 (as reported P/E = 16.6 but dividend tax still has to be paid).

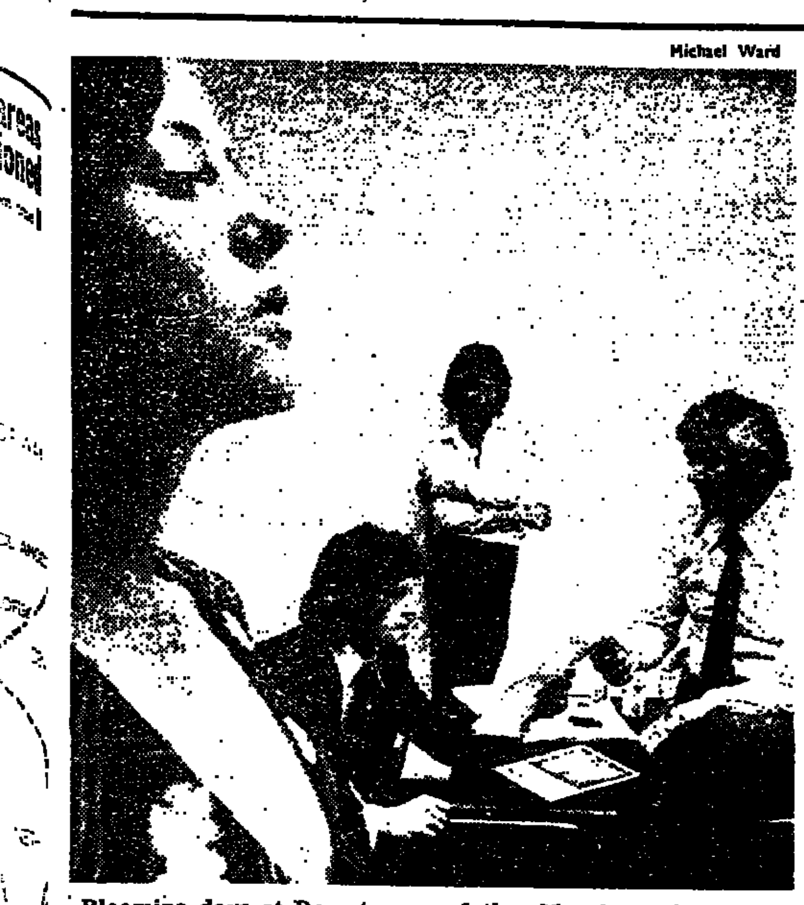
Quite apart from its paying stake in the North Sea oil rush, though, Petrofina is a major oil company ranking in the world Top 20. The Belgian Government has nursed it along carefully, so that it now has a sophisticated "Fina" marketing network with*in the EEC, plus large subsidiaries* in Africa and the US—not to mention a UK refinery and a chain of "Fina" petrol station[s]. Petrofina has also been the foc[al] point of the Government's buil[d-]up of a domestic petrochemic[al] industry: it owns 49% of Pet[ro]chim, which has ploughed lar[ge] sums into Belgium's largest pet[ro]*chemical complex.*

So far *this* petrochemical [in]vestment has not shown mu[ch] *payoff but this has not proved* [a] drag on profits for Petrofi[na] which has been running its ear[n]*ings up by around 13% a year* [on] average. Updating broker Messe[l's] 1970 calculations to allow for t[he] *higher landed price of oil* (\$2. ... against \$2.25), Ekofisk alone cou[ld] boost earnings by 45% to 55[%] over the next five years a[nd] further enhance its share rating.

Any calculations of North S[ea] profit potential must necessari[ly] be petty broad-brush appro[xi]mations. Deliveries from Ekofi[sk] have already been delayed by b[ad] weather in the so-called "good" season and the build-up to f[ull] potential will almost certainly [be] retarded by the need to adj[ust] between (a) political pressu[re] from Norway to deliver to t[he] "home" country and (b) t[he] virtual impossibility of pi[pe]lining across the yawni[ng] "Norwegian trench." But the k[ey] point is that Petrofina is of [a] size both to be stable and [to] derive a major boost from [its] North Sea venture.

مكتبة الأهل

Michael Ward



Blooming days at Downtown as father Maurice and sons Lawrence (with beard) and Jamie check their models

Downtown finds its fortune uptown

HUNDREDS of bright, under-capitalised young hopefuls go into the fashion business every year expecting to go literally from rags to riches and most of them make a right mess of it. So they might take a lesson from the Blooms, father Maurice and sons Lawrence and Jamie, who have shot from a market stall in London's East End to a £1 million a year turnover mainly by a form of pass-the-parcel.

In the Bloom operation, new clothes are constantly pushed into their Downtown boutiques in Kensington, Chelsea and Oxford Street and expected to sell within days. If they don't, they are transferred to another Bloom outlet, called Trash Can and Carry, which specialises in uniforms and old clothes and Downtown fashions that aren't moving fast enough. If the stuff doesn't sell there, it makes a final journey back to the markets, where various Bloom relatives are happy to get a share of the action manning the stalls. It may not be the sort of operation Yves St Laurent would understand, but it is making the Blooms very rich, very quickly.

Their success has come in the past six years, riding on the surge of fashion and tourist shopping in Oxford Street, "the most fabulous market in the world" according to Maurice Bloom. And it includes the whole business of manufacturing, from cloth buying, in-house pattern design, and making up into garments to wholesaling and, of course, their own retail shops.

But as in any organisation that grew quickly, there are problems, like those of expanding such a personally-controlled business. Also the organisation of the Downtown interests and assets is in chaos, currently being sorted out by accountants Binder Hamlyn since the Blooms want to bring their booming company to the stockmarket, possibly sometime this year, but more probably after reorganisation, in 1972.

The Blooms came out of their street markets to the West End with the help of boutique property king Stuart Schama of Carnaby Street fame. They got into Oxford Street by paying a new high for shop rent, now have three boutiques along the golden mile and a half, and last week opened a fourth venture, The Oxford Street Shopping Centre. These leases are now so valuable that Lawrence reckons Downtown's assets are worth nearly £500,000.

The basic Downtown product is a dolly dress costing between £5 and £7. Lawrence is designer: "nothing too avant garde," and patterns, and models are made up immediately at the offices just off Oxford Street. A subsidiary supplies cloth, and up to 80% of what is sold. The rest is mainly bought in separates and accessories. Manufacture is mainly by exclusively retained makers up, as with Marks and Spencer's suppliers. Recent expansion will reduce the own-made proportion to 50%, but more making up deals are in the offing. A new wholesaling venture has been set up to supply other retailers, cash only. Downtown carries no debt or debtors.

This tightly controlled structure, including daily stock control (everything passes through the Downtown office on the way to the shops) gives the Blooms one of the shortest reaction times in the business. Dresses go into the shops with 100% plus mark-ups and are expected to sell in days, and at least two new designs go into the shops each week. Nothing is tied up months in advance, which could lead to losses or catastrophe—the normal condition of the rag trade. It is not surprising then that profits have bounded upwards, running at about £100,000 for the last nine months I am told, and the Blooms have their eye on turnover of £1.5 million and six more shops over the next year.

But that is only one plan, and the Blooms themselves are not so sure just what their future should be. Maurice knows his organisation could easily do 50% more work. But to get any bigger would mean losing the flexibility which enabled the group to survive early mistakes in posh Bond Street, and a similar attempt to operate in the South of France last year.

The two young Blooms have ideas of their own. Lawrence has been hooked on the property bug that Downtown discovered by accident, and he runs the associated Ternberry Properties, which controls the Downtown shops. He is the mover behind the new Oxford Street Shopping Centre. West End rents are so high, he argues, that aspiring retailers are having to go into shared prime locations. He has his eye on several more, but as yet the Blooms are novices at property finance, and without a recognised property man in the group. Not that that will stop them on their way, they hope, to another success.

James Poole

Shoemen stumble on the way to Market

It may be obvious that every industry needs to know exactly how, and to what extent, it will be affected if Britain goes into the Common Market. Nonetheless, few have attempted to gather the knowledge they need. For this reason, the report prepared for the British Shoe Industry is especially valuable as it contains some frightening predictions of what could follow. STEPHEN ARIS looks at the lessons it contains for the shoe manufacturers, and for other industries that do not even know yet what they face.

BRITISH ENTRY into the Common Market poses a major threat to Britain's shoe industry. Not only will British manufacturers be faced with a massive surge of cheap Continental imports from Italy, Greece and Spain, but export opportunities will also diminish. Between now and 1980 it is expected that if Britain joins, British shoe production could drop by some 10% overall with cutbacks of up to 20% in some key sectors of the trade, if nothing is done.

Those are the main conclusions of a highly sophisticated and detailed shock report just completed by AIC Management Consultants for the British Footwear Manufacturers' Association.

The reports, the first to probe in detail the effects of Common Market entry on an important industry sector by sector, concludes that "the effect of EEC entry is to reduce protection against the quality footwear manufactures in Europe while increasing protection against low labour cost countries of the Far East." The authors of the report warn that, while the "economies of scale" argument in favour of EEC entry might well apply to the process industries, it is "of minor importance to the footwear manufacturers because of the differing patterns of demand in each country." And they call on the industry to increase the quality of its design, to mount a sustained attack on labour costs and to devote much more time and effort to exporting.

A straw poll of Britain's shoe manufacturers reveals that the dangers of the Common Market have been recognised but there is a wide variation of opinion as to the urgency of the problem. "I have known for a long time that Common Market entry could be disastrous," says John Percival of Percival of Leicester, a medium-sized children's shoe manufacturer who is currently exporting 5% of his £750,000 turnover. But Percival estimates that he still has at least three years to meet the threat.

At C. & J. Clark, Britain's largest private shoemaker, with a 12% share of total UK production, the matter is being studied with some urgency. A detailed report of the company's prospects inside the EEC is being prepared and the results will be available within the next few weeks. At the present time only 2% of Clarks exports go to the EEC.

The fact that Britain will have to dismantle her own 7½% tariff barrier against the EEC will, when combined with rising British labour costs, open the door to a flood of Continental imports, which have already made heavy inroads on certain sectors of the British market.

Currently imports account for some 27% of the British market, but the report forecasts that if Britain joins the Market this percentage would have risen to

		Loss or gain in sales by 1980			
Million pairs	1970	With Entry	%	Non Entry	%
Men's everyday	39	31	−20	36	−8
Women's everyday	62	51.5	−17	58.5	−5
Children's everyday	36	29	−20	33.5	−4
Slippers	37	42	+13	40.5	+12
Textile uppers (gym shoes, etc)	9	8.5	−5	5	−45
Rubber & plastic protective	7	10	+41	9.5	+38
Total	190	172	−10	183	−4

50% by 1980 on the assumption that British firms fail to mount a counter-attack. The authors of the report made this computer-based forecast after calculating both the effect of changing tariff levels and rising labour costs in Britain which, in their opinion, will have a crucial effect.

As the table shows, some sectors of the shoe market are more vulnerable to foreign competition than others. But the significant conclusion is that it is the most important sectors that are the weakest. Though the report forecasts that the overall market could decline by 10% by 1980, the UK manufacturers' share of the markets for everyday shoes for men, women and children could drop by up to 20%. Their chief rivals are the Italians, followed by the Spaniards and the Greeks who though not in the Common Market now enjoy many of the trading advantages.

Though the report concedes that Britain's manufacturers will benefit from the dismantling of the EEC's common external tariff, what gains there are will be more than offset by the losses. In other words the price for keeping low cost Hong Kong canvas shoes out is letting high-priced Italian ones in. What is more, the opportunities for British manufacturers inside Europe are, at least initially, not quite as great as they might seem. The character and demands of the highly competitive EEC market are so different that British manufacturers are unlikely to make much headway without wholesale changes in production, design and marketing methods.

Unlike the British manufacturers, the Continentals, led by the Italians, are highly export minded. The Italians are the biggest single force in the ladies' shoe market, with a 42% share of all imports which are currently running at over 20% of all sales. Altogether the EEC is a net exporter of shoes to the tune of 100 million pairs a year. And the Italians have succeeded by making shoes specifically for the British market, thus overcoming styling problems that have so far defeated the British manufacturers abroad. Though G. B. Britton, the Bristol-based Tuf shoe firm, has factories in Holland, Belgium and Germany, they account for only a small percentage of the firm's turnover. And the company admits that with the exception of one or two specialised lines like safety boots, British-made shoes have proved to be "just not acceptable in Europe." But, like Clarks, the company is now beginning to reappraise its attitude to Europe.

Even so, the report is highly critical of what it sees as the failure of UK manufacturers to attack European markets where the growth of trade has been greatest. "Although UK exports have doubled in the last 10 years," the report says, "this has failed to match the rapid growth of world trade, particularly in the area of dress footwear. The UK pattern of trade some 10 years ago was heavily biased towards Commonwealth countries. Subsequently there has been a substantial swing towards EFTA countries, but with little participation in the rapidly growing trading activities of the EEC." At the present time the EEC accounts for only 5% of the industry's exports.

CONTROLLERS

International Opportunities

Immediate openings for seasoned candidates to become Controllers for various Sheraton hotels located throughout Europe, Africa and Asia. Hotel experience preferred along with a prior international exposure. Will be responsible for financial operations, forecasting, budgeting and reporting, accounting records and systems. You'll work with management to improve hotel operations to increase profitability through accounting controls. Degree or equivalent required; some controllership and general accounting supervisory experience needed.

Excellent salary. Plenty of room for growth into a position as a Regional Controller or at Corporate Headquarters.

Please forward résumé including salary history and requirements to Manager of Recruitment and Selection.

ITT Sheraton Corporation of America

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A World-wide Service of ITT

470 Atlantic Avenue, Boston, Massachusetts 02210

An Equal Opportunity Employer

Systems engineering

The Private Communications Group – ITT Europe, is establishing a specialist engineering centre to provide leadership in the planning and design of its line of switching and data communications systems, and to guide and co-ordinate related technical projects throughout Europe. This centre will be located at Harlow, Essex. The Private Communications Group comprises sizeable research and engineering, manufacturing and sales organisations located throughout Europe, with particular concentrations in the United Kingdom, France, Germany, Belgium, Scandinavia and Spain.

The Group seeks senior professionals with outstanding qualifications and **five-ten years' relevant experience** in one or more of the following fields – system engineering, switching, data technologies, computer software, reliability engineering and product engineering – plus significant qualifications in electrical/electronic engineering. Suitable experience as leaders and members of creative multi-disciplinary teams is mandatory.

The work will include collaboration with an exceptionally competent group of men, contributing technical guidance for advanced and ambitious projects in professional environments throughout Europe.

for an international communications company.

Software analysis in complex real-time systems

The work will involve co-ordination and direction in development of software for switching system control and data handling; conducting design reviews of operative programs; leading and participating in program-planning for systems development, and providing a consultancy service to programming teams.

Applicants should have had experience in the design of complex software systems with the practicalities of communications switching and data communications. Demonstrated success in complex systems programming with a definite aptitude for trouble-shooting at system level, is also desirable.

Systems analysis & programme planning

Will comprise both individual roles and multi-disciplinary team participation to provide the analytical bases on which the most critical forward-planning decisions will be taken.

Applicants should have had experience in system engineering in communications and/or data systems, including requirements analysis, concept development, parametric analysis, system-specification development and control, preparation of programme plans, system-performance analysis, cost-effectiveness analysis, technology assessment, and design reviews.

Product engineering & design

Work will include direction and participation in Group product engineering functions including mechanical design, appearance design, applications of components and materials, preparation of manufacturing data, design for efficient manufacturing, cost forecasting and monitoring, scheduling and help with management of programmes, product cost reduction programmes, and application of standards.

Applicants should have had experience in complex communications and/or data equipment development.

Applications including detailed statements of qualifications and experience should be made in writing to:

Circuit analysis & technology

Work will consist of direction and participation in circuit analysis/technology applications for voice and data communications systems requiring Group management attention. Such positions will involve responsibility for design cost-effectiveness; standardisation; identification and analysis of key parameters; controlled introduction of new technology; detailed design support for key circuit aspects of system planning; and consultation and design assistance to the development staffs of operating divisions.

Applicants should have had experience in complex communications and/or data equipment development. A considerable knowledge of communications switching theory and/or digital design theory, and demonstrated success in the development of complex equipments are required.

Reliability engineering

This position will entail carrying out trade-off analyses in support of system planning; developing reliability assessments of current and planned projects; installing monitoring procedures; developing and applying information-collection procedures, supporting ITT Europe reliability activities and policies for maximum exploitation of the present body of knowledge.

Applicants should have had experience in the application of modern concepts of systems reliability engineering. Experience in ample system reliability production typical of space or weapon system reliability analysis, plus some experience with communications or data systems, is desirable.

Data terminals

This position entails application of data terminals to current and future communications systems – making comparative analyses of terminal performance, developing system interface specifications, specifying special interfacing hardware and user procedures. Other duties will be to make the data-terminal contribution to system planning, to give advice on special customer systems, and to design in detail special circuits and hardware for compatible terminal operation.

Experience in terminal design and application across the broad field of the technology is desired.

G. Peter White, Director of Personnel,
Private Communications Group,
ITT Europe, c/o Standard Telecommunication Laboratories, London Road, Harlow, Essex.

ITT

SALES EXECUTIVES—COMPUTING

LONDON, S.W.1. £3,000-£5,000

Service In Informatics & Analysis Limited are a well established international computer service bureau operating a CDC 6600 computer, and owing to recent expansion have vacancies for Sales Executives who have a minimum of 18 month experience in selling either computing services or hardware. Reporting to an Area Manager, responsibilities will be to service existing clients and develop new business in specialist sectors. A thorough product familiarisation training will be provided. Scope exists to advance to a position of Area Manager in the short term, and thereafter to control a regional office. Initial remuneration: negotiable £3,000-£5,000 by way of salary and incentive commission; contributory pension scheme; free life assurance; assistance with removal expenses if necessary.

Please apply to: R. W. Daniels, Esq., Sales Manager, Service In Informatics & Analysis Limited, Ebury Gate, 23 Lower Belgrave Street, LONDON, S.W.1.

DATA PROCESSING MANAGER

£6,500-£9,000 plus car

JOHANNESBURG, SOUTH AFRICA

A top man is required to establish and run a Computer Department for one of the largest Insurance Companies in South Africa. He will be responsible for recommending the choice of equipment to be installed, as well as the selection and training of staff to run the Department. All existing procedures are to be converted.

Candidates should be D.P. Managers with expertise in the problems of establishing a new department. They should have a strong systems implementation background.

The company will pay all reasonable costs in transporting the successful applicant and his family to Johannesburg.

A wonderful opportunity for a first class executive with adequate technical knowledge, to start a department from scratch.

Interviews in London, early September. Write giving fullest details, or telephone immediately: Mr Alfred Neate,

EXECUTIVE SERVICES

The Spinney, London Road, Boxmoor, Hemel Hempstead, Herts. Telephone Hemel Hempstead 52882.

Derby and District College of Technology

Kedleston Rd., Derby, DE3 1GB

Telephone: Derby 47181

RESEARCH ASSISTANTS

in

CHEMISTRY

Applications are invited from candidates with graduate or equivalent qualifications to undertake research for a higher degree in (a) ORGANIC and (b) PHYSICAL CHEMISTRY in established fields of work.

Salary: £750 x £50 (2) to £850 per annum.

Application forms and details from the Vice-Principal, to whom completed forms should be returned by Tuesday, 31st August, 1971.

Merchant Banking

Overseas

1971 and 1972 will see the opening overseas of a number of new merchant banking organisations linked with a City institution (a member of the Accepting Houses Committee) and a major international banking group.

These developments create several opportunities for both senior and young men from the City, to work abroad for one or more tours or to join the Group on a career basis.

Executive experience in a merchant bank is essential: the wider the range of experience the better, provided that some aspects of operations are understood in depth (e.g. advice and operations on capital structure and issues, medium-term finance and leasing, evaluation and financing of development projects).

Selection for appointments will be spaced out over the coming months. This advertisement will appear several times. Enquiries will be handled in strict confidence by the independent consultants who are advising the Group.

Appointments are at levels which will interest men now earning between £5,000 and £10,000 p.a. Four of the posts are at Chief Executive level abroad.

THE FACULTIES PARTNERSHIP

Letters in confidence to the consultant:
M. J. Graham-Jones
26 Grosvenor Gardens
London SW1

2 A levels ...and a problem?

Your 2 'A' Levels give you the right to expect a really interesting career, and the chance to go places. But they can also present you with a problem—what to do for the best.

Many of our young managers had the same problem. They solved it by joining the Inland Revenue as Tax Officers (Higher Grade).

Now, as tax specialists, with a thorough training in Income Tax behind them, they tackle problems of a different kind—other people's. They meet taxpayers from all walks of life—from factory floor to boardroom—and hold their own with legal and financial advisers. Their objective is to apply the tax law fairly, matching its requirements to the individual's personal circumstances. They're also managers leading teams of clerical staff, responsible for the tax affairs of up to 10,000 people—so tact and resilience are called for, as well as specialised knowledge.

It's no easy job, but it's an excellent way of solving that problem. One you should seriously consider if you want a career that asks a lot—but gives great satisfaction in return.

There are opportunities in several areas including the Home Counties and the Midlands.

Starting salary (under review) depends on age. For instance, £741 p.a. at 18; £946 p.a. at 21; and £1,253 if joining at 25 or over. Women have equal pay and opportunities, and there are arrangements for them to rejoin after marriage.

After six years there are excellent prospects of selection for advanced training leading to promotion to H.M. Inspector of Taxes (up to £3,000). And there are many higher posts still.

To apply, you must be aged between 17½ and 28 on 1 September, and have, or expect to obtain this year, 5 GCE passes, including English Language, two of which must be 'A' Levels obtained in one examination; or an equivalent qualification.

Make a start on solving that problem NOW! Write for full details to: Civil Service Commission, Alencon Link, Basingstoke, Hants, quoting reference 339/69.

Corporate Planning

c. £3,500

A Corporate Planning Co-ordinator is required by Rank Xerox to work in a small multi-disciplinary group which has responsibility for compiling and "quality-controlling" the Rank Xerox Corporate Plan and for co-ordinating studies on Company problems arising from the planning process.

His duties within the group will concentrate on the financial and resourcing aspects of corporate planning. He might, therefore, be an accountant or hold a degree with a subsequent financial bias. A knowledge of computers and experience of modelling is essential. He will be 25-35 and have a minimum of four years' relevant business experience.

Based in Headquarters, London, this position will provide excellent experience for a further move into almost any of the Company's operations.

Please reply to:—Mr P. J. Leather, H. Q. Personnel, Rank Xerox Limited, 338 Euston Road, London, NW1.

RANK XEROX

EAL owen owen

RETAIL MANAGEMENT

Up to £2750

Owen Owen, the expanding department store Group based in Liverpool with 13 branches in the Midlands and the South plus 2 in Canada, require a limited number of men aged 28-35 to train as future Store Managers. Starting salaries as Assistant General Managers, up to £2750.

The candidates appointed will have had successful careers as department stores sales managers, preferably over a wide spectrum of departments. They will be respected leaders with high personal standards, possibly now in a preparatory role for general management and impatient for promotion. (DO.923).

Please write briefly and in confidence to the Managing Director, Executive Appointments Limited, 78 Wigmore Street, London W.1, quoting reference. No identities divulged without permission.

SYSTEMS PROGRAMMER SENIOR OPERATOR

Vacancies exist for the above positions in a 360/65 1 Megabyte installation.

Applicants must have practical experience of operating under O.S. (M.V.T.). The installation is new and offers unique opportunities to the successful applicants.

Apply in writing for application form to:

Mr. J. M. Armour, Chief Accountant,
(S.M.G.T. Division),
Lloyds & Scottish Finance Ltd.,
Finance House, Orchard Brae,
EDINBURGH, EH4 1PF.

Economist/ Accountant/ Statistician

The British Airports Authority is seeking a suitably qualified and experienced person to work on the principles and implementation of the charges levied at its airports. The post is located in the Head Office of the Authority at Victoria SW1, in a section of the Finance Department which is also responsible for financial appraisal of investment projects and participates in the forward planning of airport development. Airport charges need to reflect the Authority's particular economic and financial obligations. The Authority is typical of transport undertakings generally in that it is faced with high seasonal and diurnal variations in demand, a high proportion of fixed costs and large units of capital investment. It is untypical in that it faces a high rate of growth in demand and a high rate of technical change. The charging policy therefore has to be based upon sound financial and economic studies and must be regularly monitored.

The person appointed will be expected to conduct such studies and to monitor the system of charges. He will probably be familiar with the economic theory of pricing and have made studies or had experience of pricing in public corporations. Salary will be within the range £2700 to £3500 depending on experience and qualifications.

Please write with full details to:

Mrs M Openshaw
Personnel/BAA
2 Buckingham Gate
London SW1

British Airports Authority

Computer Systems Designers

Tarmac Construction Ltd—Wolverhampton

Staff are required to design computer systems to aid management in financial and other decisions.

It is anticipated that suitable people would have had some experience in computer programming and systems analysis. Construction industry experience would be useful but not essential.

The main attribute of suitable candidates is self-motivation. The positions offered could interest those currently earning between £2,000 and £3,000 p.a.

Please write giving brief particulars in the first instance to:—

Systems Manager,
Tarmac Construction Limited,
Ettingshall,
Wolverhampton WV4 6JP.

LONDON BOROUGH OF CROYDON

Head of Management Services

Up to £5,085 per annum (subject to review)

The London Borough of Croydon has a population of about 330,000, and is one of the largest of the London Boroughs. The total annual expenditure exceeds £35 million.

Resulting from an internal promotion, there is a vacancy for the Head of Management Services. Currently the responsibilities include Computer Services, Works Study, Organisation and Methods, and Central Clerical Services. The objectives of Management Services may be amended but the new objectives will certainly continue to include the central computer service.

The person to hold this appointment must have a degree or appropriate professional qualification and must have good relevant experience in an executive capacity. Management experience of computer system development and application is essential.

Further details of duties, salary scale and forms of application may be obtained from the Town Clerk and Chief Executive, Taberner House, Park Lane, Croydon, CR9 3JS.

Closing date for applications—6th September, 1971.

YEB

Yorkshire Electricity Board

AREA SECRETARY

(LEEDS AREA)

The Area Secretary is responsible to the Area Manager for general administration, office services and some property negotiation, together with the personnel, purchasing and stores functions in the Area.

Applicants should be professionally qualified and have had extensive experience of administration at a senior level in a large organisation.

Salary within the range £3,978-£4,563 p.a.

A detailed letter of application should be forwarded to:—

The Manager, Leeds Area,
Yorkshire Electricity Board,
161 Gelderd Road, LEEDS, LS1 1QZ,
not later than 13th September, 1971.

Seismic Data Processing

Due to continued expansion in our exploration services we require a limited number of experienced

DATA PROCESSING SEISMOLOGISTS

The men or women we are looking for will be based in Croydon initially, but opportunities for overseas assignments may arise later. Salary is negotiable and will be commensurate with experience. Write, giving brief history of experience and present salary to Personnel Manager.

Geophysical Service International Ltd
Canterbury House, Sydenham Road,
Croydon CR9 2LS.

INTERNATIONAL LIMITED

GEOPHYSICAL SERVICE

HONOURS GRADUATES

Key posts all over the UK

Just one of the rewards of an Inspector of Taxes.

There are 750 tax districts throughout the country, from Inverness to Penzance, from Bangor to Norwich. Each one is headed by an Inspector of Taxes. It's a key post, calling for graduate quality. The Inspector carries weight in his district. He determines the tax liability of businesses, large and small. He negotiates with businessmen and their professional advisers. He has up to 50 staff to assist him, but the responsibility is his.

You must have, or expect to obtain, a degree with honours – at least second class honours ability is looked for – and be under 32.

If you start at 21, you can expect to be earning over £2,300 at 23 and nearly £3,000 at 28. By your mid-thirties you should be on a scale rising to £5,200. By 40 if you're successful, you will be on a scale rising to £6,300, and there are higher posts still. Salaries are increased in London.

To find out more, and for an invitation to visit a Tax Inspector and see the job for yourself, write to: Civil Service Commission, Alencon Link, Basingstoke, Hants. Please quote:—320/— 125.

New Scotland Yard

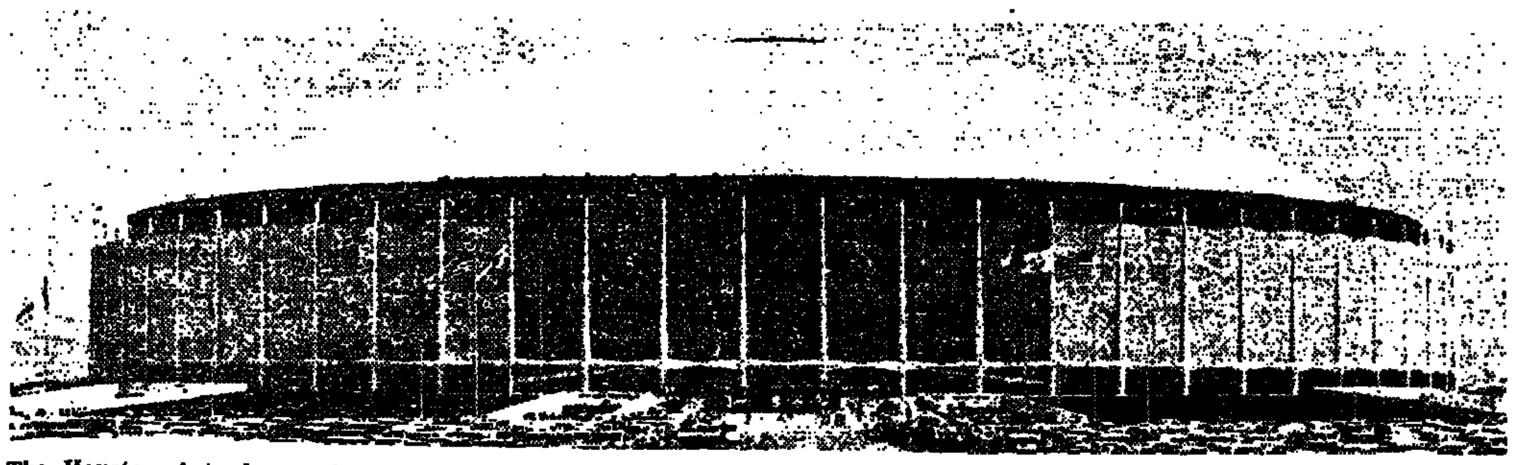
Senior Information Officer

Applications are invited for an additional post of Senior Information Officer in the Public Relations Department. The person appointed will be responsible for dealing with the press, television and radio on matters concerning the Metropolitan Police Traffic Warden Service. The post calls for proven experience in press work or television news work.

Salary: £2,704 rising to £3,274.

Generous annual leave. Present holiday commitments honoured.

Enquiries should be made to The Secretary, Room 733 (SIO/ST), New Scotland Yard, Broadway, London, SW1H 0BG (or telephone 01-230 1212 Ext. 2520) for full particulars and an application form which is to be returned by 20 September.



The Houston Astrodome: the world's biggest white elephant makes good

Prufrock

DEEP IN THE HEART OF HOUSTON

Hell is a car without air conditioning

HOUSTON, Texas, is famous as the headquarters of the US manned space programme, which sends astronauts to the moon. But you knew that already. It boasts the largest room in the world in the Houston Astrodome. But someone will have told *you* about that also. You can't have heard too much about mosquitoes as big as wasps, outdoor air conditioning, or Poboy's Wonder Enchilladas. But it doesn't matter. Business men in Houston seldom come across them either and that, in Houston, is a sure sign that they are not worth bothering about.

Houston is a city built entirely for business, a shining glass and concrete jungle thrown up near a swamp in Harris County on the upper Gulf Coast prairies, the oil capitol of the world and the fastest growing city in the US (31.4% in 10 years). It is the ultimate example of American paradox—at once a tribute to rugged individualism and at the same time an economic beehive in which the individual voice is drowned in the communal buzz.

Last week mayoral candidate Fred Hofheinz went on a tour of the town "to hear about Houston's problems from the people." He is the latest in a long line of Hofheinzes, a family which owns a large slice of Houston and who, one would have thought, ought to have known a fair bit about the city's problems by now. After 10 minutes his amplifying equipment broke down and for an hour he stood shaking the hands of passers by, a forelorn sight—this is the professional politician denuded of his electronic dominance. "It's disastrous," explained a sweating aide. "It's almost like having the air conditioning in your car break down." Houston's 1,232,000 people live for seven months of the year in a hot, sultry, yet bearable climate. But every summer they withdraw into a series of small refrigerators and come out rarely.

A major tennis tournament was staged entirely indoors in an air-conditioned stadium owned by the university and named after another Hofheinz. It's difficult to describe 110 deg Fahrenheit with 90% humidity. But after 10 days I still found it weird to step at midnight from a chilly, air-conditioned car into the sauna bath of a Houston night. The victory of Houston's business is the triumph of air conditioning.

The city was founded on August 30, 1836, and named after Sam Houston, a general who gained political eminence from beating up Mexicans.

Oil was discovered there in 1901 and still gushes profitably. There are 1.4 motor vehicles for everyone over 21 and a telephone installed for as many registered voters as can be found. The city has 22 colleges and universities, 57,000 students, 53 hospitals, and a medical centre employing 14,500. There are 1,200 churches, and $10-million-worth more rise to heaven each year.

Measuring the relative importance of any city in the US is always a tricky task since local chambers of commerce are not noted for their modesty but Houston has some interesting and legitimate claims to make. In construction activity the city ranks fourth in the US behind New York, Los Angeles and Chicago and the boom in office space has been phenomenal.

But that's only the start of the story. Houston is engaged in a contest for the position as top Southern US town. The stakes are high for large numbers of giant corporations are following the trend for deurbanisation and moving away from major centres like New York and Chicago. If your town can get the right reputation you can persuade companies like Shell Oil to move 18,000 employees and its headquarters to your city. It's the kind of operation which puts 50 storey marble office blocks on your skyline and leads to projects like the Plaza Del Oro which is a *multi-billion dollar development* by Shell of 525 acres of land near the Astrodome which will create a second city within the Houston town limits. A set of social scientists and economists in Washington has recently announced that within 30 years Houston could become the world's most popular city.

Any of these claims are enough to underwhelm citizens of other rising cities in the South. Take Dallas for example. It used to be the place where oilmen parked their planes to a shopping trip to Neiman-Marcus, the fabulous department store. Now the same millionaires visit the Galleria in Houston (with a built-in Neiman-Marcus store) because the airport is better and their stockbroker is handy. The chagrin is not confined to Dallas. Up to five years ago there were four other contenders for the title of top Confederate town: Dallas, Atlanta, New Orleans, and Miami. And now in this commercial version of "it's a knockout" Houston comes out way on top. You may not like the climate in August but you can get value for your money.

Audrey Jurina: three hours of patter

Walking backwards into the future

AUDREY JURINA is 36 and a widow from Twickenham, Middlesex. As Audrey Hanscombe she was an usherette at the Elite Cinema in Kingston. Now she shows folk around the eighth wonder of the world — the Houston Astrodome, of course. In performing this task she walks nine miles every day, four and a half of them backwards while speaking three hours of patter through a loud hailer.

These are just a few extra facts in a mind boggling place which brings to life every Texas millionaire story you ever heard. It is a million dollar, 268-acre complex which seats 66,000 indoors and appeared to all and sundry when it was built six years ago as the world's biggest white elephant. It has in fact worked very well thanks to the Houston climate which drives even bull fights indoors and the television success of the local football team, the Houston Oilers.

Judge Roy Hofheinz (yes another one) created the edifice and has a 50-year lease on the dome. His investment has yielded him so far $1 million profit. He has staged baseball, rodeos, boxing and circuses and Billy Graham has set the stadium attendance record for one meeting. You'll get the picture when you realise that last year nearly 4 million people paid to enter the Astrodome — more than the total number of visitors to the Eiffel Tower and the Empire State Building put together.

I found Audrey escorting a band of Negroes in gay hats representing the Knights of Phythias. She was walking backwards reciting facts as she went. In no time we had learned that there were 4,598 plastic skylights and 6,600 tons of air conditioning equipment. "The playing surface is the only place in Texas were you can stay 25 ft below sea level and not be up to your neck in oil," she intoned. "You were supposed to laugh at that," she told the group, who immediately laughed uproariously.

Audrey married a US airman in 1953 and took the job when he died in America in 1968. She has three children and has a wry skill at controlling her groups, sending fat ladies running up ramps instead of escalators and refusing to let the party into the stag bar. "If it isn't good enough for me to drink in you aren't going to get a look." She makes just over £100 a month for a six-hour day and for learning by heart fascinating details about the longest zip in the world (it's 28ft and holds together strips of the synthetic playing surface).

It is possible to conceive a building like the Astrodome in Britain but you basically face two problems. First, the car parking facilities: the most mind blowing thing about the Astrodome is the size of the car park which holds 30,000 cars. Second, you need big business, a city council and a professional sports team to keep a full schedule for an investment of $31 million. So far in Britain football teams have proved uneasy bedmates with non-sporting institutions.

Vincent Hanna

Harry Bridges: a different jungle

The 50-storey jungle

ONE ENGLISHMAN who has already moved to Houston is Harry Bridges. He is 54, came from Durham and is the new president of Shell Oil. He took over on July 1 after being president of Shell Oil Canada.

Bridges has done just about everything in Shell, but his background is essentially technical. He spent the first 20 years of his working life wandering to some purpose around one jungle or another as a geophysicist. "I got responsibility very early," he says, "within six months of joining I was running a team of 53 people in the middle of New Guinea." His travels have taken him to India, Indonesia, Ecuador and Columbia before he became general manager in 1956.

His strongest principle in governing the corporation from the hottest seat in Houston (and certainly the highest since the Shell building is the tallest west of the Mississippi) is delegation. "Too few young graduates get the chance in giant companies to hold responsibility as I did. I try to help them."

His jungle experience no doubt explains his horror of excess paperwork. One of his first executive orders at Shell Plaza was to appoint a vice-president to examine the flow of useless memos to and from executives. "If a senior executive is reading all the time he isn't thinking."

Bridges arrives at a tricky stage in the fortunes of Shell Oil, an American company which is 69% owned by the Royal Dutch Shell Company of Holland, which cannot be overjoyed by the recent perfomance of Shell America.

Net income for 1970 amounted to $237 million, the lowest figure since 1965, and drop of 19% on 1969. The net income per share declined from $4.32 to $3.52 in the same period despite a record revenue of $4,000 million last year. The company blames inflation, depressed product prices, increased taxes and heavy expenses for its poor performance. It still has to take into account in this year's figures the $35 million costs of moving itself physically from New York to Houston.

Bridges sees himself as a co-ordinator of human resources rather than as a financial whizz kid. His staff swear by his speed of decision and cool judgment but he has more on his mind than cutting down on waste paper.

"Shell owes responsibility to society as well as to its employees and shareholders," he told me. Bridges argued against any attempt by a major corporation to manipulate the politics of any region in which it trades. He also believes that on issues like pollution a company's obligations go far beyond the strict letter of the law.

He makes few concessions in his life style to the image of the top American executive and has a British disdain of the plastic aspects of life in Houston. I found him approachable and humorous and with a streak of ruthlessness which will sustain him in Shell Plaza as efficiently as it helped him to survive in the jungles of New Guinea. His hobbies include climbing and skiing with his Australian wife Shirley. "I don't believe in roughing it any longer," he told me in his office which seemed only slightly smaller than the Houston Astrodome. For the foreseeable future he seems to be one Englishman in Houston who will not have to.

I BOUGHT a huge quantity of Texan shirts in a five-acre shopping centre. "It must be terrible living in London," said the cashier, "all those Irish killing one another." She apologised for the state of the display counters. "A bunch of kids shot the place up last Saturday. I'll sure be glad when high school term starts."

THE ULTIMATE AMERICAN dream happens at Astro World, the children's amusement park next to the Astrodome. There they have air-conditioning out of doors, by using large umbrellas which pump cold air down over the crowds. With such control of nature it makes one feel that when a Texan claims to be a self-made man he is taking a load off the shoulders of the Almighty.

"I AM SO RICH," said the man from Dallas, "that I could build a wall of gold bars 6ft high all the way round Texas." "I like it," said the man from Houston. "Could you build it in time for December 9, it's my wife's birthday?"

INDEX

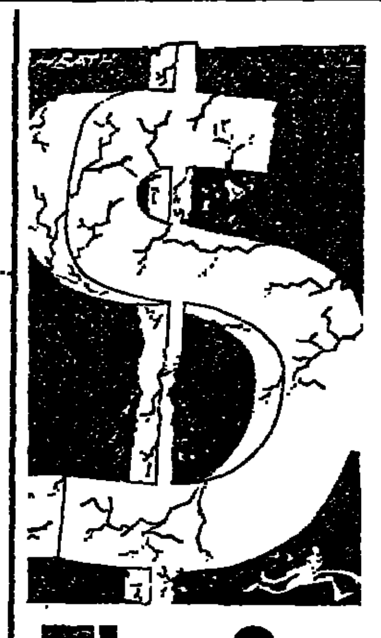
Meetings, Trusts & Bonds

MONOPOLIES COMMISSION

GENERAL INQUIRY INTO PARALLEL PRICING

The Monopolies Commission are engaged on an inquiry into parallel pricing and price leadership. The terms of reference were published in 'Trade and Industry' on 26 May 1971.

Individuals, companies and organisations wishing to give evidence to the Commission on the subject of the inquiry are invited to write to the Secretary, Monopolies Commission, New Court, 48 Carey Street, London, WC2A 2JT.



Far from uniting the world or even his own countrymen President Nixon's package has split nation from nation, and, at home class from class. Below **Harlow Unger** describes the absurdities of America's first incomes and prices freeze—which is concerning the Americans far more than the international uproar the package has created. **David Blake** in Brussels, **Antony Terry** in Bonn and **Christopher Reed** in Tokio show how the mood of smouldering resentment at the package is being replaced by a defiant mood of nationalism, with domestic reflation taking the place of the exports to the US which could be lost because of the import surcharge. For, instead of concentrating on healing the monetary breach, the non-Americans seem to be digging in, assuming that the protectionist trade war will escalate. But it need not do so if the Americans are prepared to moderate their demands. On the opposite page **Malcolm Crawford** analyses the background to the present crisis and shows how a relatively simple addition to the present use of the Special Drawing Rights—the first deliberately created international currency—could enable 1971 to be a great, rather than disastrous, year for the non-Communist world's economic system.

The Common Market: divided we stand

BY DAVID BLAKE, Brussels and ANTONY TERRY, Bonn

ONE THING is now generally agreed by the very top level of Europe's financial community. When the markets open tomorrow, President Nixon will have forced through the first part of his plan for putting America's balance of payments right. All *the European currencies will be* quoted at values, which mean they are effectively revalued against the dollar though no decision will have been taken on just how the final working out of new parity will be done. Instead, Common Market countries will sit back and see what happens. Then, on September 13, they will meet and probably try *to baptise the new set of* monetary values which will have materialised. But they will have had no real say in just what these values will be.

Just a few hours after this European monetary disarray is cruelly exposed tomorrow, a group of top level officials from trade ministries of the Six and the Brussels Commission will *meet in Geneva. They will be* planning their tactics for the Tuesday meeting of GATT. It is now almost certain that the Common Market *will challenge the* legality of President Nixon's decision to slap a 10% surcharge on all imports to America under the GATT rules. The danger is that because the Common Market countries cannot agree on *what should be done in the* money crisis, they will, over the coming months, be forced by their united hatred for the import surcharge to take measures which could escalate into a trade war.

Realisation that the Six have no proposals to deal with the crisis must have been a bitter blow for Anthony Barber, who has ostentatiously stressed that Britain is part of Europe already as far as this crisis is concerned. But he kept a brave face when *he saw the Council chairman,* Italian Minister Mario Ferrari Aggradi, next day, and the British insist that they and the Six *will co-operate closely.* If this is true, it is a lot more than the Six are going to do among themselves. Ferrari Aggradi was openly laughed at by journalists as he unhappily tried to present the Council *meeting as a success.* More honestly, Commissioner Raymond Barre has gone on record as saying it is useless to hide the failure caused by the difficulty of overcoming national interest.

But one thing did unite the Council. The 10% surcharge must go. As Commission Member Rolf Dahrendorf, who is in charge of external trade, *put it, it effectively wipes out* the gains made in the Kennedy Round. He warned his commission colleagues on Wednesday *that Nixon's decision could mean* the end of an era of free trade, though he is strongly opposed to what he calls: "crude retaliatory measures," such as putting a surcharge on American exports to Europe.

But the *American action* has really enraged the Europeans. They argue that they are already in heavy deficit with the US on trade and that the American balance of payments problem is caused by their large-scale direct investment in Europe. They also point out that foreign trade is such a small part of the American economy the surcharge will deal only with a minor part of the American problem. Even so, reactions inside the Six vary and the Germans (or rather *Professor Schiller and his aides*) are putting on a bold front. Officials in Bonn, in contrast to their own industrialists, believe that *West Germany has sufficient re*serves and resources to meet the challenge of what amounts to an 18% revaluation of the Deutsche Mark. And some officials even go so far as to argue that this week's debacle in Brussels is, *in fact,* a blessing in disguise because it has, they claim, given Germany *a free hand* with a floating DM to shape its own unimpeded economic future.

European relations with the Americans, however, have been gravely damaged by the Americans' refusal to spell out clearly when and how the surcharge will end. And, because of *this uncertainty, attention is now* shifting towards designing measures to remove the sting. Dahrendorf has proposed, with full Commission backing, that all Governments of the Six should give aid to industries, such as motor cars and chemicals, which are hardest hit by the surcharge.

And for their part officials at Schiller's Finance Ministry in *Bonn will start work tomorrow* on a contingency plan to strengthen the economy by offsetting the effects on exports of the 18% revaluation. Bonn officials refused to say what these measures will be, but they deny reports that there are plans for direct export subsidies.

The danger is that these and other measures will become semi-permanent, and will provide the US with a justification for keeping on a surcharge even if the *currency crisis is resolved.* The other danger is that there could be a full scale row in GATT as the European countries try to sublimate their monetary squabbles in joint action on the trade front. On Tuesday they will propose setting up an enquiry into whether the surcharge breaks GATT rules. They will also set up their own study group to feed *themselves with ammunition.* One area where they might be tempted to act in the longer term, if the voices of caution such as Dahrendorf's move out, would be American investment in Europe. This would be a way of *working off an old grudge* of some in the Community, and a way of trying to force the American multi-national companies to *fight against US protectionism.*

There are *still good chances* that the grimmer forms of escalation of the dispute can be avoided, even though the mood has hardened throughout the week. Already there seems to have been one casualty in the trade field of the American action. The steelmakers are boiling with rage that they will have to face the surcharge even though *they have voluntarily limited* their exports to the US. Goods with limited exports to the States are exempt from the surcharge *but the Americans say that voluntary* limitations do not qualify for exemption. Commission officials are quick to point out that, if the Americans take this attitude, they can say goodbye to the chance of getting any voluntary agreements in future. If there is not speedy action to patch up the brewing quarrel between Europe and America *which means, first of all,* patching up the internal trouble amongst the Europeans, we can *probably all say goodbye to free* trade.

Nixon's measures

Balance of Payments: convertibility of the dollar into gold or other reserve assets is suspended after 37 years. A 10% surcharge is to be levied on all imports except oil and petrol and some *food products. This will affect* about 50% of US imports. Foreign economic aid is cut by 10%.

Inflation: prices, wages and dividends are frozen for 90 days. A Cost of Living Council has been set up to achieve stability when this period ends. Federal spending is to be cut by $4,700 million. Civil service pay rises are postponed and Government employment is to be cut by 5%.

Stimulating the economy: the 7% excise tax on cars is repealed. This does not apply to foreign cars. The $50 personal income tax allowance scheduled for January 1, 1973 will be brought forward by a year. New tax changes are to be brought in to encourage research and development spending. Under a proposed new law, a 10% job *development credit for new in*vestment will be granted for one year from now.

New York: unions say 'No' to the freeze

BY HARLOW UNGER, New York

AFTER two days of overwhelming euphoria, the American public had some second thoughts about President Nixon's new economic policies last week. Business leaders who had hailed the new policies were no longer sure the Nixon new deal would encourage higher profits or end inflation. Labour leaders called for outright defiance of the freeze.

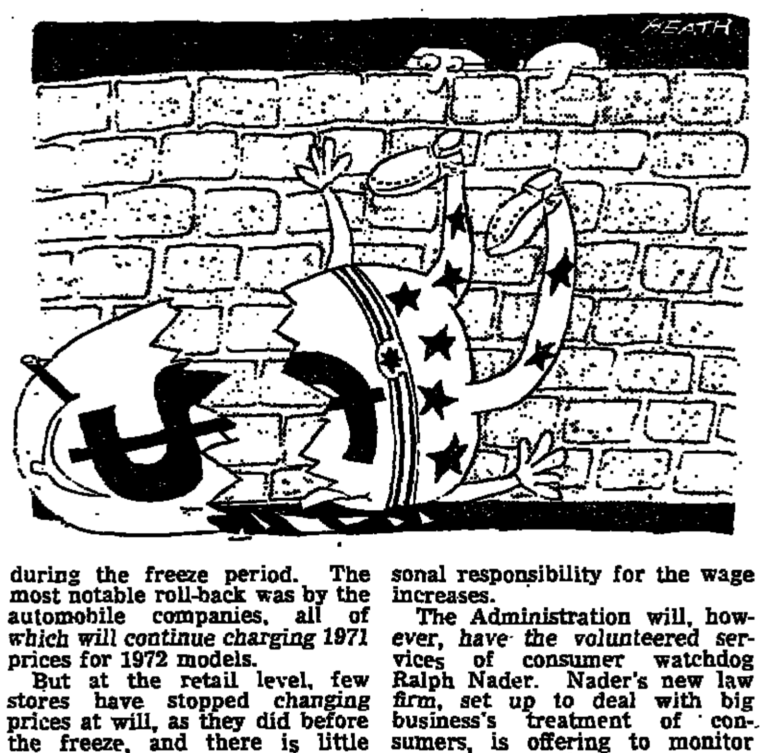
Last week did not start that way, of course. On Monday America was unanimous in its praise for Mr Nixon's new "game plan." The excitement sent Wall Street share prices to record gains on record trading volume. The *nearest thing to criticism* were comments that Nixon should have acted sooner to halt inflation, stimulate economic activity and halt the deterioration in the American balance of payments. For months business and labour *leaders had been calling for the* President to impose wage and price controls.

By the end of last week, though, *most of these same men* had changed their minds. Chief criticism of the 90-day wage and price freeze was that it is so arbitrary it has produced cruel inequities. While a new labour contract between major steel companies and *350,000* steel workers went into effect on August 1—two weeks before the freeze, contracts involving nearly 200,000 steel workers at smaller steel companies will not expire until midway during the 90-day *wage-price freeze.*

The contract at Kaiser Steel Corporation, for example, does not expire until October 1. But Kaiser management had already agreed to give its workers a new contract like the one in effect *elsewhere in the industry and* this is no longer possible under the wage-price freeze. Nor can any labour contract be retroactive to include any of the period covered by the freeze. Thus, Kaiser workers will have to wait *till November 12 for the 31%* wage boost owed them.

Similar inequities exist in the copper industry, where one-third of the industry remains on strike, and in the telephone and telegraph industries, where local *strikes are continuing in* New York city. There is now no possibility of those strikes being settled, because wage increases of all kinds are temporarily against the law.

Aside from the inequities to labour, the *wage-price freeze is* proving less than equitable for business. The steel companies that settled their labour problems by granting higher wages before the August 14 freeze are competing with mills whose wages will not be permitted to increase. They cannot compensate for higher wages by raising prices.



Strikes continue

The inequities produced a howl *of protest from both labour and* business leaders. Most prominent of these is AFL-CIO president George Meany, who came out strongly in favour of wage and price controls a month ago, but was the first to cry "foul" when the President finally imposed them last week.

Meany urged all American unions to defy President Nixon's request for a strike moratorium during the 90-day wage-price freeze. The AFL-CIO chief advised all unions to cancel contracts with companies refusing to grant wage increases during the wage freeze period and to strike if they did not receive them.

Similarly, open defiance of the freeze was called for by union leaders in industries with new contracts that were to have taken effect after it went into effect. Thus, pulp and paper workers ended a 16-week strike against Weyerhaeuser Co. last weekend, but the terms of the new contract cannot be granted because of the *President's freeze. The men may* go out on strike again.

Machinists in Chicago voted to "tell the President to go to hell" rather than return to work without obtaining all the benefits of a new contract that was to have gone into effect this week.

On the West Coast, Dockers' Union president Harry Bridges said the wage-price freeze had ended any possibility of settling a strike that has tied up all US West Coast ports for nearly eight weeks.

And in New York, contract talks broke down completely with the International Longshoremen's Association, representing dockers at all East and Gulf Coast ports. Their labour contracts expire on September 30, and they intend striking unless they win pay increases.

In addition to the outright revolt of labour, the President's freeze is meeting stiff opposition from retail businesses. Manufacturers thus far have rolled back or postponed price increases *that were to have taken effect* during the freeze period. The most notable roll-back was by the automobile companies, all of *which will continue charging 1971* prices for 1972 models.

But at the retail level, few stores have stopped changing prices at will, as they did before the freeze, and there is little the President or his aides can do *about it.*

But the freedom with which retailers continue to raise prices points out the weakness of the *President's programme.* In effect, it is largely voluntary. There is little or no mechanism for enforcement, nor will there be any. The President is opposed to establishing a huge and costly bureaucracy to enforce a *temporary freeze.*

Instead, he has merely permitted a token expansion of the existing Office of Emergency *Preparedness, which has added* two new offices to its eight existing regional offices in 10 metropolitan areas. Total staff is about 350—largely "to answer telephone inquiries from the public."

In addition, about 200 existing *offices of the Internal Revenue* Service will also answer public queries. The IRS offices do not become burdened with tax work *until after January 1.*

Although OEP has enforcement powers under the law, it does not have the staff to deal with enforcement. The law that gave the President power to impose temporary wage and price controls calls for a fine of $5,000 for each violation. In addition, the Government could obtain court orders enjoining further violations. *Any violation of a court* injunction is subject to up to $100,000 in fines.

Basically, however, the President *is counting on a spirit of* patriotism to produce self-enforcement of the wage-price freeze. Although a major violation by a major company might be prosecuted "to set an example for the rest of the nation," it is doubtful if the freeze on wages or prices can or will be enforced.

However, late Friday, the White House announced it would try to beef up its enforcement powers in the price field by refusing to grant Federal Government contracts to companies that defy the price freeze.

The President's impotence was spotlighted by two Governors' outright defiance of the new wage and price freeze. The Governors of Texas and Louisiana both ordered wage increases for teachers and state officials to go into effect as scheduled during the freeze period and dared the President to act against them. Both said they would take personal responsibility for the wage increases.

The Administration will, however, *have the volunteered ser*vices of consumer watchdog Ralph Nader. Nader's new law firm, set up to deal with big business's treatment of consumers, is offering to monitor violations of the wage freeze Nader's *right-hand* man, Mark Green, has asked for help from consumer groups across the country.

In addition to criticism of the wage and price freeze, the President is receiving a good deal of flak because of the 10% surcharge he has imposed on imports. Critics contend that the surcharge will fan the flames of inflation *and counteract any inflation*-killing effects of a wage price freeze. The surcharge will have especially harsh effects at the consumer *level, where* the President had hoped to stimulate spending to end the current two-year-old *recession.*

Even the President's plans to force reductions in domestic car prices by removing the 7% *Federal excise tax on cars, may* well backfire.

Home sales hit

*Unfortunately, the very mini*cars Detroit is now producing to combat imports (imports have captured 16% of the domestic car market in America this year) are themselves partially made overseas and, as such, will be subject to the 10% surcharge. Thus the engines for Ford's Pinto minicar are made in Britain, while its compact Capri car is made entirely in Germany. Both of Chrysler's minicars are made entirely overseas — the Cricket in Britain and the Colt in Japan. General Motors makes the transmissions for its Vega minicar in Germany. In addition, both Ford and GM had been planning to import *small* Japanese minicars made by partner firms in Japan.

Similarly, in other areas, the 10% *surcharge on imports may* not only force price increases in imports but in "domestic" products with foreign-made components. *These include cameras and* photographic equipment, farm and construction machinery, data processing equipment, and ironically, the Lockheed 1011 Tri-Star airbus, whose engines are made by Rolls-Royce.

Economists are criticising other elements of Nixon's economic package as well. The President will ask Congress to grant a 10% *investment tax credit for all capital improvements* with American-made materials and equipment. The 10% deduction would be in addition to the normal deduction for first year depreciation.

Economists like Walter Heller say his tax proposals benefit business, but not the middle or working classes who will lose all wage increases for 90 days while paying higher prices for inexpensive imported staples like children's clothing. Individuals will be offered a minor tax break next year—about $150 in tax reductions for the average family.

Although importers and those in favour of freer trade are unanimous in the opposition to Nixon's moves in the monetary field, they constitute a distinct minority. Even his habitual critics are lavishing praise on the President for finally "committing the US to *some sort of decisive action* against the payments deficit."

"Where I would criticise the President," adds one Government economist, "is the heavy-handed way he went about changing his policies. His method was not de*signed to secure co-operation of* other countries. I think he might have been better off consulting with America's major trading partners and giving them a chance to co-operate quickly. Then, if they refused, he could have gone ahead with his scheme."

But both his critics and his aides are unanimous in supporting the President's new international monetary policy. "Other countries won't have much choice but to adjust their parities," said one of Nixon's harshest critics in Congress.

Exactly what is the administration after? Although neither Nixon nor his Treasury Secretary have stated their specific *goals,* Assistant Secretary of the Treasury Volcker has been travelling in Europe this week reportedly asking for a 10 to 15% *upward revaluation* of Common Market and Japanese currencies. The desired revaluation is said to vary from country to country, with the *greatest change* —15%—said to be the one the administration expects Japan to put into effect.

In addition, Volcker is said to have told several European and British officials that the 10% *surcharge is directed primarily* against Japan and that, once the Japanese accede, "this whole thing will go away like a bad dream."

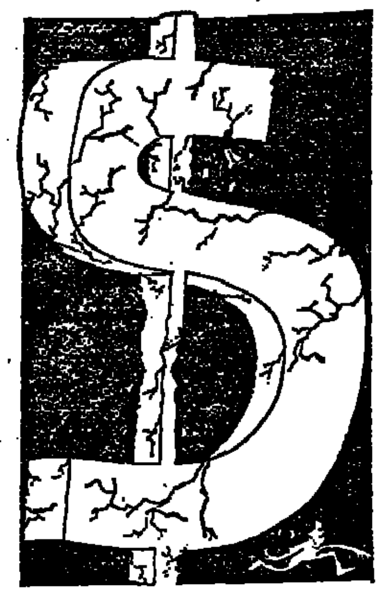
Few administration officials are concerned about the possibility of the surcharge triggering a trade war. "We are the *biggest* single trading nation. We have a market that is too important to others for anyone to start a trade war with us."

But one source at the US Treasury cautioned that "pressures will grow among protectionists to retain the surcharge if Japan and the ECC don't move to change parities. If the surcharge were to stay in effect too long, other countries might well lose their patience and begin to retaliate here and there.

"I don't think that's likely, though. The Europeans and Japanese only have two choices and I think they know that. They have *to choose between* willingness to accept dollars without limits—as they have been doing—or see some deterioration of their competitive position *vis-a-vis* the United States. It is not a pleasant choice, but it is the *only realistic choice that exists.*"

Time to bring the whole world off gold

By MALCOLM CRAWFORD,
Economics Editor

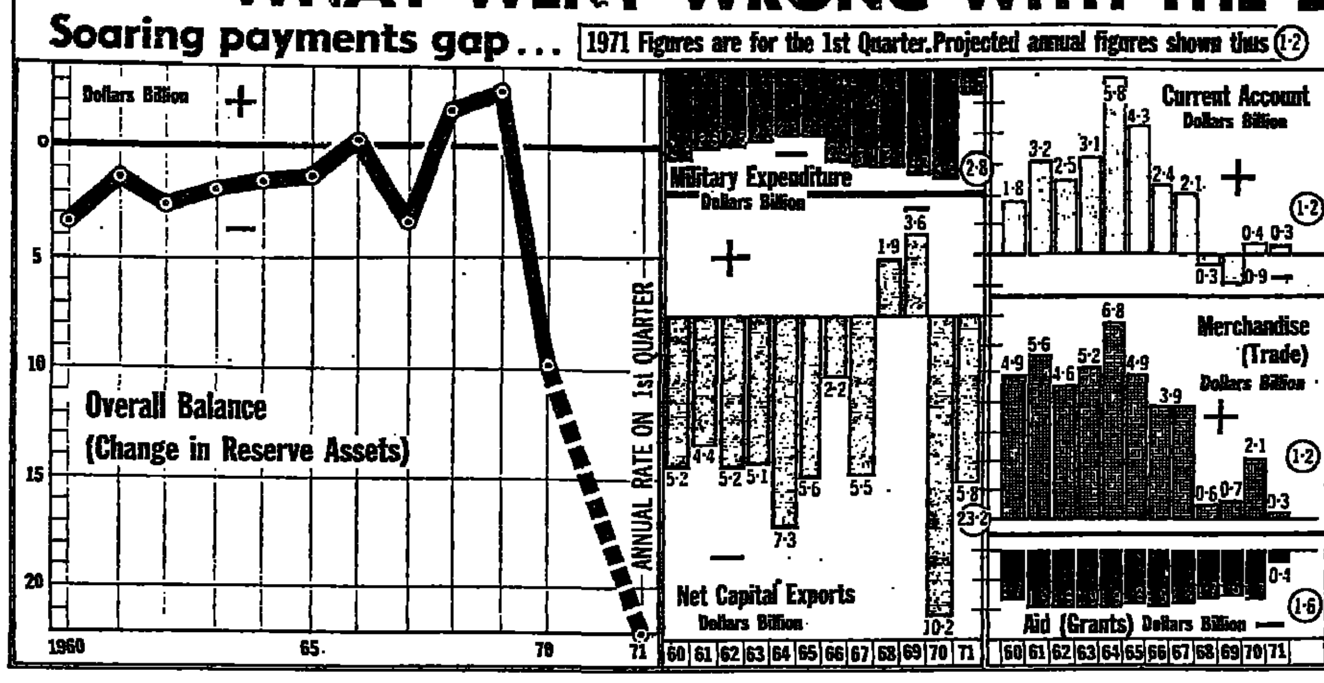


Michael Woods

WHAT WENT WRONG WITH THE DOLLAR

Soaring payments gap ...

1971 Figures are for the 1st Quarter. Projected annual figures shown thus (1·2)



.. And no cure for inflation

Country	1963	1965	1967	1969	1970
US	100	104	109	114	121
Japan	100	98	99	105	111
France	100	105	107	114	126
Germany	100	102	102	102	104
Italy	100	101	99	102	108
Holland	100	104	104	104	108
UK	100	105	110	123	131

These show the rise in prices of goods for export, as measured in the currency of each exporting country. The devaluations by Britain (14% in 1967) and France (11% in 1969) do not therefore pull down the lines for the UK and France, as they would if the index were shown in dollars.

"...RY SUCCESSFUL," was ... Anthony Barber described ... talks last week in Brussels ... Common Market minis... The truth is almost the ...t opposite. With the chal... to correct the world's ...etary disequilibrium flung ...n before them by powerful ... hamstrung United States, ... nations of Europe spent the ...k quibbling over their dif... nt temporising proposals. ... differences were in some ...s ideological, in others ...tical. But none of their pro...ls amounted to a solution ...he problem. If ever there ... a case of fiddling while ...e burns, this was it.

...ver since the 1960s, it has ... getting steadily clearer ... the dollar is in need of ...e sort of devaluation. The ...balance of payments deficit ... become chronic, her ...orts are overpriced, and ...ough the trade balance was ...urplus in the first quarter, ...e recent figures suggest it ... not break even for the ... With capital outflows, this ...ns another multi-billion ...ar deficit. The US is also, ...he moment, trying to reflate ... way out of a recession, and ... administration is inundated ... demands for protection ...nst imports. By spring, a ...or realignment was on the ...s. The float of the D-mark ... the guilder in May (accom...ed by small revaluations of ... lire and the Swiss franc) ... moves in the right direc... but were not enough. The ...ts of May only patched up ... problem.

...e heart of the matter is ... the United States cannot ...lue the dollar in the way ... other countries can change ...exchange rates of their cur...ies. This is for two inter...ing reasons: first, the role ...e US in world trade is so ...t that, if the US announced ...evaluation (and raised the price of gold proportionally) other countries could not just let their exchange rates be determined automatically by a unilateral decision in Washington. And secondly, such a decision could not, in any case, be made instantly by the US President. Congress would have to legislate, which takes time; and meanwhile the exchange markets would be in confusion, perhaps for months. Whether the price of gold is raised or not, therefore, other countries would have to decide their parities in terms of dollars (or else let their rates fluctuate with the market — known as "floating"). For the US, therefore, changing the gold price is a wholly unnecessary part of the operation. What matters is other countries' decisions about their dollar rates.

The US has, therefore, been in the supine position of watching other countries accumulate dollars; when they have had enough of this, they can revalue their currencies upward (partially devaluing the dollar) or float. They do not generally like doing this, though. It takes a crisis to precipitate action. So the US last week did the logical thing. It set off a crisis.

Closing the gold window made the biggest headlines at first, but this was little more than a symbolic act, for the US Treasury had already limited its gold dealings to a minimum. The gold window has been almost closed, unofficially, for about five years. The big stick was the import surcharge. The key question was, would it force the strong currencies to revalue?

Missed chances

This is not a very good way to conduct international monetary policy, for a number of mostly obvious reasons. To say that it was the only way open to the Americans is to say the system is in need of reform. European countries could have reacted more sensibly, by getting together with the Japanese and agreeing on what they wanted from the US, and what they could do to solve the problem. Instead, in so far as they were arguing over practical problems at all, their disputation was no farther ahead-looking than how to open the exchange markets on Monday.

There is, indeed, a feeling among Europeans that reforms are needed. Floating rates have been discussed but, as a permanent feature, many countries—mainly those with a built-in bias to inflation—fear that these would make inflation utterly uncontrollable. Wider exchange rate bands are a very likely modification, but they are no more than that. They would help central banks to deal with speculation against exchange rate changes, in some situations. But they would not do much to facilitate the making of such changes, when they prove necessary.

France is playing a thoroughly conservative role, at present, refusing to recognise the special problems of devaluing the dollar. This may be partly due to the present French Government's obsession with gold; for currency revaluations against the dollar mean that the revaluing countries reduce the price of gold in terms of their own currencies. This is of no real consequence, but it may look bad to M. Pompidou. But stressing the link between currencies and gold, as the French have been doing, leaves unsolved the basic problem, which is the rates at which currencies are to exchange against each other.

Legislation by the US to give the President power to devalue at will would help, but one could not be sure whether it would solve the problem wholly — and congressional probings of that uncertainty, not to mention the widespread American inclination to go off gold entirely, makes prediction of the outcome of any such attempt wholly nebulous.

Basic to the other great weakness of the system is the fact that the world is on an ambiguous monetary system — something of a gold standard, something of a dollar standard. The inadequacies of both to solve the problem of stable growth of liquidity (total reserves of gold and exchange of all countries) prompted the invention in 1967 of SDRs — special drawing rights. These assets, which are a composite bundle of currencies available from the IMF, could also be the basis for a new standard for fixing exchange rates.

This plan is known among central bankers as the "Marris heresy," after its inventor, an OECD official. Senior German officials have intimated close interest in it, but it has not been widely discussed in public. The main point of it is that it would solve the problem of how to devalue (or revalue) the dollar.

The new yardstick

The IMF article defining the par value of currencies would have to be amended so that these were expressed in terms of SDRs instead of gold. Also, the gold guarantee clause in the agreement establishing SDRs would be abolished. This clause is already obsolete now that the need to raise the price of gold is clearly a thing of the past, at least in the minds of central bankers. The reason it would have to be abolished is that it fixes a ratio between SDRs and gold. But the aim is to change the ratios between currencies and SDRs (which would become the new currency yardstick) without changing the price of gold—to do which logically requires severing the link between SDRs and gold.

The United States, or any other country, could then devalue or revalue in terms of SDRs. The world would also, incidentally, have taken another step along the long road towards demonetisation of gold.

There would still be the problem that many other countries could not accept a dollar devaluation in terms of their own currencies. But at least the US could move first, leaving these other countries to act either unilaterally or in conference, in the knowledge of what the US had done.

France, of course, would object, as usual. France objected to the creation of SDRs, too, but was overruled. She could be overruled again—especially in a Common Market whose monetary policy is entering a new phase of integration, and in which France is increasingly becoming a minority voice. As there has been no public discussion of the plan yet, now might be a good time to begin one.

Tokio: 'now we must learn to be rich'

By CHRISTOPHER REED,
Tokio

...TER A HECTIC week in ...ch the Japanese reacted with ...plete astonishment to the ...bness of President Nixon's ...omic measures, they wel...ed the weekend as a valuable ...te and began to consoli... their arguments against any ...tation" of a yen revalua... It is this hardening attitude ... caused a Foreign Ministry ...al in Tokio to remark last ... that "relations between ...elves and the Americans ... never been so bad since the ...of the war."

...rtainly some respite was ...ed for Tokio has never seen ...ek quite like it. In four days ...s on the Tokio Stock Ex...ge slumped by nearly a fifth ...igh there was a small re...y on Friday), Tokio's major ..., which were speculating in ...rs, were severely rapped the knuckles by the Ministry of Finance which sent in inspectors to search out the offenders, and Japan's already swollen official reserves rose above the $11,000 million mark as the Bank of Japan fought to stave off yen revaluation by supporting the beleaguered dollar at its old, pre-crisis rate.

Up to this weekend it has been a successful though highly costly rearguard action. But everything now depends on what happens to the parities when the markets reopen tomorrow. If the yen leaps in relation to the dollar Tokio may have to bow "to the inevitable and upvalue the yen—though by no more than 10%" for any further increase could well endanger the already shaky Sato Government. But the authorities are still hoping against hope that the movement in the market will be small enough to give them breathing space.

By Friday, the mood in Tokio was not that the Government would listen while America dictated the revaluation plans. Rather, officials here maintained, that there would be mutual discussions and that the Americans would clarify the 10% import surcharge.

Several points emerged as the week went on to harden this attitude. First, and by no means least, was the warning of only 10 minutes given to Prime Minister Sato on Sunday. This compared with three minutes warning over Nixon's warning of his Peking trip — an abruptness the Japanese took very badly.

Then there was the telephone call from Paul Volcker the US Treasury Under Secretary in London asking finance minister Mikio Mizuta to go to London for consultations. It was made at a time when it was physically impossible for Mizuta to arrive in time, the Japanese claim. These incidents, possibly minor to foreign eyes, nevertheless strengthened the Japanese view that the Americans were being rather high handed.

From a more practical point of view, the Japanese claim that the surcharge infringes GATT agreements, that cotton textiles should be exempt from the surcharge because America and Japan have a bilateral agreement over these imports, and that as there was a self-imposed limitation of Japanese steel exports to the US, it would be unfair to continue this as well as maintaining the 10% tariff.

The car makers, for example, started the week contemplating an export blitz on Europe but they have now modified this idea somewhat and are now talking of making a push into Eastern Europe on the grounds that this market has been relatively unexploited. They also fear that if they push too hard in Western Europe the Fiats and the Volkswagens will be forced to put up the shutters against them.

The steel makers, after toying with the idea of dropping the voluntary exports restrictions on sales to the US, have now backpedalled on advice from the Ministry of International Trade and Industry. But the idea has only been shelved—not abandoned.

The electrical companies have reacted quickly. Matsushita (the biggest), Toshiba, Sony, Hitachi and Sanyo all announced during the week that they would offset the tariff by raising prices by at least 10%. And though it is too early to say with any certainty what the effect on Japan's export earnings these and other similar measures will have the best unofficial estimate last week was that Japan's headlong export growth will have been checked so that exports which were expected to grow by 20% this year will now not exceed last year's figure.

But even more significant for Japan, if not for her trading rivals, is what is happening on the domestic front. On Friday the Sato Government announced that it intends by means of a special autumn budget to inject £115 million into the economy as part of a much needed attempt to improve the quality of Japanese life. The main targets for this investment are roads, schools, hospitals, sewerage (only about 10% of the nation of 106 million people is linked to a proper underground system), pollution controls, and better welfare benefits. This plan is seen as the second stage of Japan's development as a modern industrial power. Just as the 1960s were devoted to building a mighty industrial machine so the 1970s and the 1980s are to be used to distribute some of the rewards to her long suffering people. As the former MITI chief said earlier this year: "Japan has long been used to being poor. Now we must learn to be rich." And though the new plan cannot avert the current intense pressure on Japan to revalue, this expansionary package should help Japan to slow down on exports without bringing the economy to the under-8% growth rate the Japanese would regard as a juddering halt.

Although many Japanese admit that the yen is over-valued they blame this on America's overspending abroad on military commitments and the failure of the Nixon Administration to halt inflation at home. Japanese bankers claim that a large part of the nation's increase in foreign reserves this year is due to the inflow of foreign investment. But at its most hawkish the Japanese argument is that the Americans are trying to force other nations—particularly the Japanese—to extricate themselves from an economic mess of their own making.

But angry as the Japanese undoubtedly are about the surcharge they are already taking steps to minimise the damage on both the domestic and the export front. The major exporting industries have already begun to map out alternative strategies.

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Giles Foy—REF. PN/330/ST

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REPLIES. Unless otherwise stated, please send comprehensive career details to the PA Advertising office indicated, quoting the reference number on the envelope. Replies which should not refer to previous correspondence with PA, will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent.

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A major international engineering group—turnover in excess of £15 million—with establishments throughout the U.K. requires a Controller to manage its accounting functions. Reporting to the Financial Director, he will be accountable for the overall effectiveness of the accounting function, the supervision of the compilation and analysis of the Group accounts, the continuous financial appraisal of operations, and the development of financial systems and procedures. The appointment is located in central London and there are definite promotion prospects.
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The successful applicant should be thoroughly conversant with overall project planning and the critical path scheduling required on plants of this nature. He should preferably be educated to H.N.C. standard and, although *having a mechanical engineering and piping background, will essentially have a good working knowledge of* associated civil, electrical and instrument work.
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Candidates, aged over 25, should be graduates or professionally qualified and have undertaken post-graduate study in the management sciences: e.g. M.B.A., M.Sc., D.M.S. They should have had at least 3 years' practical industrial/commercial experience.
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The salary is negotiable but is anticipated to be in the region of £8,000 with appropriate fringe benefits.
Only outstanding men with first class records will be interviewed. Please send in confidence full details marking the envelope "Strictly Confidential" to T. E. S. Gibbon, Austin Knight Limited, 20 Soho Square, London W1A 1DS.
Applications will be forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter.

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They will be involved in forecasting, budgeting, cash flow analysis, expenditure control, and financial accounting. These disciplines will be applied to the analysis and review of specific projects as well as to the investigation of the financial aspects of a wide variety of our activities.
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The successful applicant will be an experienced, financially orientated, qualified accountant.
He could be based at the company's modern offices either in Sheffield or in North London.
The salary offered will be in the region of £4,000 and appropriate fringe benefits will be provided.
Please reply giving details of qualifications, career and present salary to:
Richard Ling, Armour Trust Ltd,
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This appointment is with a leading British indu[strial] company employing some 8,000 mostly [in] process industries. The requirement arises becau[se] the present main board Group Finance Director [is] shortly retiring. His successor will assume respo[n]sibility for formulating and implementing grou[p] financial policies, and for providing adequa[te] financial resources in line with the Corporate Pla[n] which has achieved a remarkable growth record ov[er] the past decade.

Applicants must be Chartered Accountants, prob[ably] graduates as well, and will preferably hav[e] been to a business school. They must have a strong[,] dynamic personality, acceptable at the highest lev[el] of contact in industry and the City. They shoul[d] already be holding a similar post with a substantia[l] company, by choice in a process industry. Preferre[d] age, 35-45.

Salary will be upwards of £10,000 and a shar[e] incentive scheme is under review.

Enquiries should be addressed in the strictes[t] confidence quoting reference number 1272 to P.R. Bingham, Clive and Stokes, 14 Bolton Stree[t] London, W1Y 8JL.

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Please write, with brief details in confidence [to] G. M. Wolfson, Hambros Bank, 41 Bishopsgat[e,] London, E.C.2.

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Successful international industrial company with headquarters in the Manchester area requires fully qualified accountant, age 28-40, with practical industrial and managerial experience. He will report to the General Manager Designate for the total accounting function of the *Company's standard costing management* control system, Group financial accounting, debtor control, production of forecasts and budgets and will cover the effective control of an accounts team of 40. Knowledge of computer applications an advantage. Emphasis will be on *management control information and* its interpretation.

Initial salary negotiable but is unlikely to be below £3,500 with contributory pension, free life insurance and assistance with removal expenses as necessary.

Apply for application form to Box AU648.

CHIEF ACCOUNTANT

We need a Chief Accountant to take over ou[r] Management Accounting and to provide promp[t] and accurate control statements. In particular ther[e] is a need to amplify and improve our budgetar[y,] cost and management accounting information.

He should possess secretarial, accounting or cos[t]ing qualification and be aged between 40 and 5[?] years.

Starting salary envisaged not less than £3,000 an[d] there is scope in the position for further advanc[e]ment.

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J. P. Cunningham, Director,
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TRAVELLING AUDITORS

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Applications in own handwriting stating age, whether single, qua[li]fications, experience and present salary, should be addressed [to] Box AP671, Sunday Times.

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An executive is required to join an established team working [on] the Society's conference and conference publications. The Socie[ty] holds a number of one-day conferences each year, but the maj[or] event is Datafair, a join enterprise between the Society and [the] industry, held every other year, which is attended by some 8,0[00-] 10,000 people. The department also handles the Society's soci[al] events.

The staff who work with planning committees are responsible f[or] all conference administration, planning schedules, budgeta[ry] control, printing, on site arrangements and liaison with speakers.

If you wish to join an active and progressive team please writ[e] not later than 10th Sept. with 3 copies of your curriculum vita[e] to The Secretary General, The British Computer Society, [29] Portland Place, London, W1N 4AP. The salary will be in th[e] range £1,400 to £2,000 depending on age and experience.

مكرر من الأصل

INDICATOR	PROFITS	DIVIDENDS		PRICE CHANGES		
Last week	£24.3m (+25.9%)	Up:	29	The Times Industrial Share Index 165.54 (—2.89 on the week)		
		Down:	7	British Sugar	315p	(+39p)
		Same:	18	Austin Hall	150p	(+17p)
Last 52 weeks	£5,023m (+5.2%)	Up:	1,615	Lines Bros.	4p	(—23p)
		Down:	572	Doornfontein	160p	(—26p)
		Same:	1,618	Bovril	444p	(—30p)
				Buffelsfontein	170p	(—60p)

Figures show annual pre-tax profits for industrial companies reporting last week and over the last 12 months.

Statistics by Exchange Telegraph

1970-71 High	Low	Company	Price	Ch'ge	Div. pence	Yld. %	P/E
98	50	Ldn. & M'land	96	—2	5.0	5.2	8.8
97	38½	London Brick	97	+4	3.8	3.8	17.7
368¾	150	Lucas Ind.	254	—14	8.3	3.3	13.1
522	320	Lyons (J.) Ord.	515	+19	13.6	2.6	20.1
		M—N					
131	78¾	M. K. Electric	131	+6	4.5	3.4	19.4
85½	60	McKechnie Bros.	77	—2½	4.0	5.2	12.4
64	20	McLean John	57	—2	3.5	6.2	8.5
357½	132½	Maucnel Johnery	349	—1	8.1	2.3	17.8

1970-71 High	Low	Company	Price	Ch'ge	Div. pence	Yld. %	P/E
33	18½	Metalrax	33	+2	1.9	5.8	10.0
55	29	Meyer M. L.	52		3.0	5.7	12.8
85¾	60	M.E.M.	78	—2	2.5	3.2	16.0
82	45	Midland Alum.	74	—5	5.0	6.8	12.4
110	73	Miles Druce	85	+2	5.3	5.8	6.7
27½	18	Miller Stan.	21	...	2.0	9.5	11.9
62	17½	Modern Eng.	40	—2	2.8	6.9	13.4
140	81¾	Morgan Cruc.	1??	—4	5.3	4.0	15.6
20	11½	Mt. Charlotte	15½	—3	0.7	4.2	14.2
85¾	25¾	Muirhead	52	—2	0.2e	0.5	—
221½	108½	Myson Grp.	135	—5	4.0	3.9	16.1

UNIT TRUSTS

NEW ISSUES

SUNDAY TIMES BUSINESS NEWS

Carr may axe training boards

THE INDUSTRIAL Training Boards are likely to be reduced in status and may even be abolished under a radical new plan for training and the employment services that is being worked out in Robert Carr's Department of Employment. Final proposals will be published in a consultative document before the end of the year.

A number of alternatives are under consideration, but the main force of Government thinking appears to be that the existing 27 ITBs should have their wings trimmed.

The alternatives to the continued existence of the boards and the employment exchanges in their present form are as follows:

1 The setting up of a "hived-off" Manpower Commission, with perhaps union and management participation in its operation, which would run the employment services and the Government training centres. The Commission would either supervise the ITBs in much their present form, though at a lower level of activity, or the ITBs would be reconstituted as advisory committees, answerable to the Commission.

2 Retain the boards, but cut their coverage and therefore their grant-levy operations. Under this plan, the scope of the boards' responsibility for training would be narrowed, so that for instance they would no longer oversee the training of clerks and operators but would concentrate on management and skilled workers.

3 Bring all training and employment activities together under the wing of the Department of Employment. The arrangement would operate in much the same way as the Manpower Commission, the difference between the two proposals being essentially administrative.

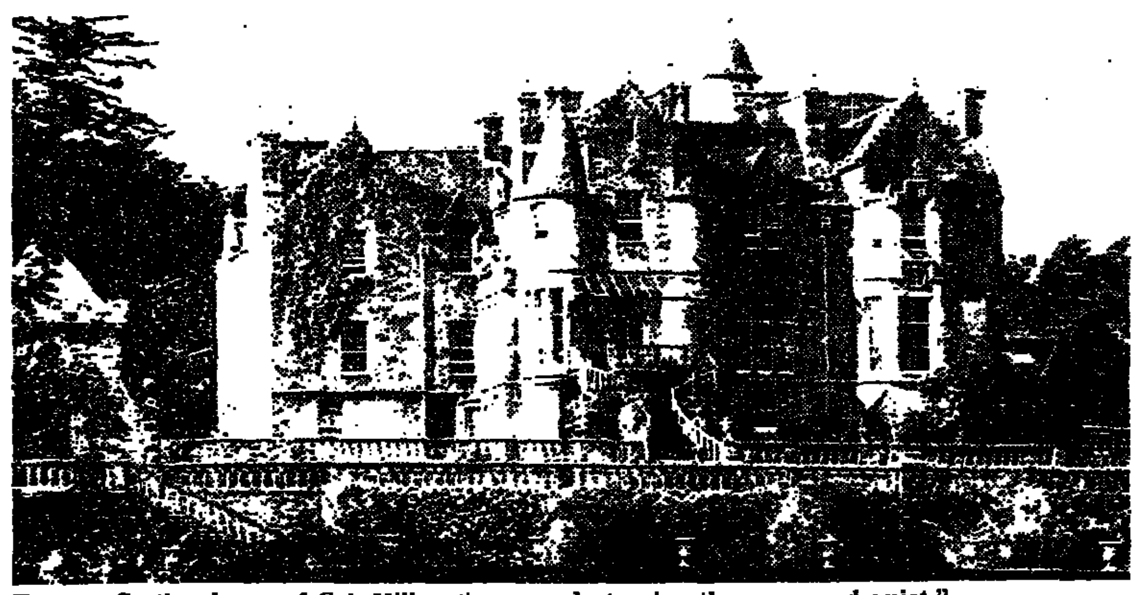
The Government is committed to improving training facilities, but it wants to put a new emphasis on methods. It is determined to cut the bureaucracy involved in the present system.

Last month, Carr announced a five-point programme for expanding Government training facilities and making them more attractive. The aim was to encourage "training for stock" during the present period of high unemployment, so that more skilled men are available when employment opportunities improve. And in the longer run Carr wants to see the supply and demand for labour more closely matched. This is the reason for bringing training and employment services together under one body.

Dockers' deal

ABOUT 6,000 of Merseyside's 10,000 dock labour force today overwhelmingly accepted a new agreement on pay and working conditions. The agreement — to come in at the end of next month —is the result of more than 12 months' hard bargaining.

The agreement involves the introduction of a three-shift system which will give the port a working cover of 22 hours a day. Overtime is to be eliminated and dockers will instead get a basic rate of £9 more for a 40-hour week.



Torosay Castle—home of Col. Miller: "we are destroying the peace and quiet"

Will Mull fall on the planners' road through the Isles?

BY MICHAEL PYE

FROM HIS CASTLE at Torosay, set in 12,000 acres of the Isle of Mull, Lt. Col. A. Geoffrey Miller is preparing to do battle against The Plan. The Plan demands more land for forestry on the island by compulsory purchase; an extension of hill-farming of cattle and sheep; and just one area in the centre of the island where shooting will be concentrated.

Col. Miller has already broken the strict embargo on the details of the plan by urging the Scottish Landowners Federation to lease land for forestry; suggesting they look for ways of using land more profitable than raising sheep and cattle; and developing shooting on a wide scale as a tourist attraction.

Even to mention the plan's recommendations scandalised opinion in this West of Scotland island: select islanders have been debating the proposals secretly since January, and the Plan, made and sponsored by the Highland and Island Development Board, will not be published until the year's end. "I thought I was talking only to my fellow landowners," Col. Miller pleads. But he has now doubted the basic tenets of the plan publicly. The old feudal battle returns, between landowners who are in-comers and the native population.

For the HIDB getting the plan right is vital. It is its first island exercise in systematically surveying land use and making recommendations. Probably the board alone has the cash-power to change the island's economy. And the Mull Plan could set trends for all the board's island bailiwicks.

Island opinion is already troubled by aspects of the Plan. Bringing in young couples means providing better education for their children; but the plan does not mention education. At present children must leave the island at 13 or 14 if they want to go beyond "O" levels, and make the sea journey to mainland Oban weekly to stay in hostels.

Now, Colonel Miller is leading the landowners into battle. Tourism is a corner stone of the Plan. "Just how much public money must you spend on conveniences and piers and roads—and what for? For two months, for the great surge of people that come in at this time of year? You can't go on packing people in by road and by boat," he protests. "We are destroying the peace and quiet here."

"And you can't complain publicly. People think you are a right-wing land-owner."

On his 12,000 acres, sheep and cattle run now. The plan earmarks much of the land for shooting, with emphasis on hind-shooting. That would make Col. Miller happy enough—but for one problem. "One of the difficulties about this plan is that it is based on the fact that we have a depopulation problem. Anything which brings men in is good.

But it costs £71,000 to make one farm possible for one man. And agriculture is declining all over Britain. If I start shooting on my land, I'll need an extra man. But if I give up sheep-herding at the same time, I shall need fewer. And whenever you destroy a job here, they call it a clearance." In fact, with an island population of only 2,100, every job is vital.

There are good grounds for doubt. When Col Miller questions the development of tourism, he has some ecological support. Out at Calgary, a white-sand bay on the North-West of the island, caravans and cars are destroying a vulnerable greensward; within five years, the sand will cover the existing roads, and swamp the caravan sites, unless the links are fenced off now.

Support for hill-farming, marginal now because of the high costs of shipping cattle feed in and beasts out, is limited. The island's only bank manager Angus McIntyre doubts if farming could pay again, even though the number of sheep and cattle could quadruple easily on available land. Fishing, made prosperous by lobster catches, has already been backed by the Highland Board.

The plan will suggest more light industrial jobs; but that means providing houses. Tobermory, the 650-population capital of the island, has a waiting list for homes, despite a newly built council estate; pressure for holiday homes and retirement cottages has inflated property prices from £1,500 for a reasonable house in Tobermory 10 years ago, to upwards of £1,000 a room for the same property now. The district valuer puts land suitable for development on a £1,000 an acre price tag. In the Northern village of Dervaig, there are 26 houses; but only 12 are lived in throughout the year. The rest are holiday homes. Staunching Mull's depopulation flood will mean quickly providing many new homes.

What islanders want from the survey is promise—promise that someone on the mainland cares about their problems, of high freight charges, high cost of living and little opportunity; and promise that the Highland Board will match its schemes with cash. As Angus McIntyre says: "The islander is a patient man. But for a long time he has felt that the mainland is conspiring against him."

Dear IBM, it's time to let us in

by Nicholas Faith

$ WITHIN 48 hours of President Nixon's economic package, noises were emerging from Washington which can only be described as Bourbonesque trumpetings (it was the Bourbons, you will recall, who allegedly forgot nothing and learnt nothing). The most startling sound emerged from Maurice Stans, the Secretary of Commerce, who was assuring everyone that *within* months the Americans would be strong enough to think of repealing even the present rather insufficient limitations on investment abroad by American companies. This investment, and the outpourings of military expenditure connected with the Vietnam war, have, of course, *been the principal gushers of* dollars which have weakened the US balance of payments position and created the present upheavals. (Doubters should look at the chart on page 45.)

He could be very wrong and should take a quick peek at history and remember what happened to British investment in the United States when we were strapped for cash in 1940 because we were at the time fighting *against* A. Hitler, *considered by* some, in his day, to be almost as undesirable a character as Ho Chi Minh. At that time, quite bluntly, the Americans skinned us. We had to sell off our major assets in the US—the share portfolios held by Englishmen individually and corporately—in toto; and to convince Congress that we were serious in our pursuit of the war we had to sell off, for a pittance, one of the biggest *single British-owned companies* in the US, the American Viscose Corporation, then owned by Courtaulds.

Of course the Europeans are unlikely to be as beastly to the Americans now as the Americans were to us. We are not as powerful, we are not united and we are, if anything, *too* aware of the very considerable benefits to our economies—in terms, especially, of the impetus to investment, *employment and exports*—given by the presence in Europe of $20 billion or more of US-owned *corporate assets. But the dis*quiet at American investment ante-dates the present crisis—and was not confined, to Gaullist France. In the past couple of years, the European Common Market Commission has worried aloud at the way US-owned companies have taken up to half of *the total Government aid given* to industry in Europe, and has proposed a degree of protection for European-owned companies *in oil, that most international of* industries.

$ The worries about the results of these investments come at two levels: one concerns the loss of sovereignty, because these companies are controlled from *abroad; the second, less elevated,* is simple envy that none of the profits are shared with local investors. This last is no new feeling. Sir Henry Deterding, then chairman of Shell, summed it up 50 years ago when he wrote: "It is, of course, always galling (apart from political considera*tions) in any country to see an* enterprise doing well without local people being interested. It is contrary to human nature, however well a concern like that may be directed, or however much it may have the interest of the people at heart, not to feel there will be a kind of jealous feeling *against such* a *company*."

This "kind of jealous feeling" could now erupt into life, *especially if Mr Stans' prophecy turns out to be true and the* Americans do try to open the floodgates fully, for the simple reason that virtually no US-owned companies allow foreign shareholders a stake in any individual local subsidiaries. The investor has to take shares in the parent group.

The policy of not issuing shares in subsidiaries is fiercely defended by American companies. To do so, they claim, would be to weaken the whole group—and thus, by extrapolation, the economy of the non-Communist world. This argument, however, ducks two awkward *points. The first is that* individual countries may feel that control over their own financial destinies is a *more important* object than the somewhat nebulous idea of the world economy. *Secondly, these coun*tries can also point to the continuing success of the European-owned groups—*like Shell*—which have issued shares in their US subsidiaries to the US public.

Of course the mere issue of shares in the subsidiary is no guarantee of anything: the British subsidiary of Woolworth's has been no advertisement in the past few years for either Ameri*can* management talent or the benefits of local shareholdings. And, as our city column shows, a *shareholding in one of the Dutch* Philips UK companies is no guarantee of anything. [...]theless the US experie[...] European companies has[...] that the existence of local [...]holders does help to ke[...] company lively. And, in [...] terms, such a share[...] *ensures that the local co*[...] (and thus the local tax auth[...] and local consumers) a[...] treated as a pawn in the co[...] chess game for obscur[...] convoluted tax or trading [...]

$ So there are nu[...] reasons why the Eur[...] will now make an e[...] get a slice of the a[...] especially in companies li[...] where the non-American [...]diaries, grouped in IBM [...] Trade, now account for o[...] the profits and, because [...] troubles of the US co[...] industry, by far the faste[...] *ing half*. First, bluntly, t[...] sheer greed; second there [...] nationalism—the desire fo[...] say in the big companies [...] control so much of any ec[...] third there is the exam[...] the Europeans in the U[...] now comes the new ing[...] —a certain resentment t[...] rest of the developed [...] should have to undergo [...] revaluations so that the [...]cans can continue their p[...] *policies—including the un*[...] blanketing of foreign in[...] with their outpouring of [...]

These feelings are grow[...] is that of *independence fr*[...] US and strength relative[...] Far better to come to term[...] it, satisfy local feeling[...] reduce the capital outfl[...] issuing shares now, rathe[...] risk some form of harshe[...] lash later. There is virtu[...] country in Latin America [...] on a 10-year view, US inve[...] is safe from nationalisat[...] confiscation. And last wee[...] the Arabs were threatenin[...] *pulsory local shareholdings* [...] production companies. [...] Arabs are threatening [...] Europeans may well hank[...] tomorrow.

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